



# **FACTORS INFLUENCING COUPON REDEMPTION RATES AMONG SHOPPERS IN THE DURBAN AREA**

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## Declaration

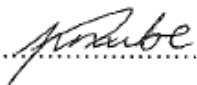
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## Abstract

There are a number of different sales promotion strategies that marketers employ in an attempt to appeal to consumers and encourage them to buy. In recent years, couponing has emerged as a pop culture phenomenon in some parts of the world. However, many questions remain unanswered concerning the factors that influence coupon redemption rates among shoppers. Research shows a significant amount of low coupon redemption in South Africa, but no substantial research has thus far revealed an in-depth understanding of why this might be so. This study seeks to explore the reasons for low FMCG coupon redemption, as well as potential strategies to address this problem, with specific focus on consumers in the Durban area. Most existing research on the use of coupons explores sales promotion, with coupons investigated only briefly and superficially; such research has tended to focus on the advantages and disadvantages of coupon use.

This study aimed to determine the extent to which shoppers in Durban use coupons when purchasing FMCG goods. It also sought to explore what factors encourage and discourage FMCG coupon redemption among the Durban shoppers. Lastly, it aimed to understand how FMCG coupon redemption rates among this group can be increased. In terms of the research methodology, taking an angle of qualitative exploratory study was relevant in order to gain initial insights into an area about which not much is already known. The study was conducted in Durban and the target population comprised both males and females aged 20 years to 50 years. Purposive sampling was used to select participants. A sample of 36 Durban residents participated in one of four focus group discussions. Guba's model of trustworthiness was used to assess the rigour of the study. Data (audio recordings/transcripts) was analysed via qualitative content analysis.

The main findings of the study include that the monetary value of coupons is a key factor influencing coupon redemption. Convenience (in terms of the types of coupons offered, the method of distribution and ease of redemption) is another important factor; participants indicated that in-store instant coupons are attractive for these reasons. Participants also prefer coupons for products that they purchase often, and not on brands that they do not already purchase. In particular, many are not willing to try other brands of personal care products, even with the added incentive of a coupon.

***Keywords:*** consumers, coupons, FMCG, marketers, redemption, sales promotion, strategies

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## **Abbreviations**

CCBSA	Coupon Clearing Bureau of South Africa
CPG	Consumer Packaged Goods
FMCG	Fast Moving Consumer Goods
FSI	Free Standing Insert
PoP	Point-of-purchase
PRISA	Public Relations Institute of South Africa
SA	South Africa
TPB	Theory of Planned Behaviour
TRA	Theory of Reasoned Action
USA	United States of America

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# **CHAPTER ONE**

## **INTRODUCTION AND OVERVIEW**

### **1.1 Introduction**

There are several sales promotion strategies that marketers employ in an attempt to appeal to consumers and encourage them to buy. Product incentives, such as coupons, have long been utilised in the Fast Moving Consumers Goods (FMCG) industry as a tool for drawing new consumers and keeping the loyalty of existing customers. Although the use of coupons may be a widespread strategy in the FMCG industry, according to research there is a significant amount of low coupon redemption in South Africa and no substantial research has thus far revealed in-depth understanding of why this is so (Chatterjee, 2007). This study seeks to explore the reasons for low FMCG coupon redemption, as well as potential strategies to address this problem, with a focus on consumers in the greater Durban area.

### **1.2 Background to and motivation for the study**

The use of sales promotion in many different markets is seen as a very valuable weapon in response to competitors' offerings, where marketers are investing a large amount of money in sales promotion as a proportion of their promotional budgets (Marais *et al.*, 2014). Coupons are one of the strategies that marketers use as part of sales promotion, and have done so for a long period of time. Traditionally, coupons were used in an attempt to influence consumers' buying patterns for new product introductions in the market and to upsurge sales of mature products (Kanagal, 2013). Due to the changing economic states, couponing has since emerged as a pop culture phenomenon in some parts of the world, such as the United States of America (USA), and has entered the lives of many consumers (Buckinx, *et. al*, 2003). This, in turn, has resulted in many types of FMCG businesses taking full advantage of this strategy by revamping their programmes that seemed outdated, and turning them into new and exciting programmes to attract their targeted consumers; this is due to the fact that the use of coupons is believed to have a positive association such as an increase in footfall in stores and sales generation (Carpenter & Moore, 2008).

The FMCG industry is also known as the Consumer Packaged Goods (CPG) industry (Marias, 2013). This industry primarily deals with the distribution, marketing and production of consumer packaged goods (Joghee & Kumar Pillai, 2013). The FMCG industry offers a comprehensive range of consumables and the competition in this industry is fast growing (Carpenter & Moore, 2008). The most common categories in the FMCG industry include glassware, household products and food (Carpenter & Moore, 2008).

While most FMCG companies use coupons as a sales promotion strategy, according to research the redemption rates of the coupons that are distributed in their many different forms seems to be low among South African consumers (Marais, 2013). Understanding the reasons behind this low redemption of coupons was the motivation for this study.

Various studies on the influence of sales promotion on consumers' buying behaviour have been published during the past years (for example Joghee & Kumar Pillai, 2013; DelVecchio, Henard & Freling, 2005). However, very little research has been conducted on the reasons for the low redemption rate of coupons among consumers in emerging markets like South Africa (Slater, 2001). Previous studies have also tended to look at sales promotion as a whole and not at individual sales promotion techniques (such as coupons) specifically (Kanagal, 2013; Chatterjee, 2007).

### **1.3 Research problem**

Most research on the use of coupons explores sales promotion as a whole (with coupons being just one of the many techniques investigated, often quite briefly and superficially) and has also tended to focus on the advantages and disadvantages of coupon use. Less attention has been devoted to investigating the consequences of and reasons for low coupon redemption among consumers (Huff, 1999). Scholastic opinions about the effectiveness of coupons, and whether they aid or hinder a brand in subsequent choice, is also mixed (DelVecchio, et. al, 2005). Academics such as Carpenter and Moore (2008) and Haresh (2011) suggest that couponing has a marked outcome on sales, brand preference and possibly brand switching, when compared to in-store promotions, but very little knowledge exists on the reasons why coupons

are not redeemed to a greater extent by the consumers to whom they are targeted. Although identifying that interpersonal and intrapersonal variables may account for low redemption rates, there is very little coupon research which examines these variables in more depth (Bonnici, *et al.*, 2011). There are therefore many unanswered questions about the low redemption of coupons, which this project seeks to address, with specific focus on the FMCG industry. The geographical area that will be covered in this research is the greater Durban area.

Several factors may facilitate and inhibit coupon use, and therefore influence coupon redemption rates. The theoretical framework that underpins this research is the Theory of Planned Behaviour. The theory is relevant for the study because the focus is on shoppers' attitudes and behavioural intention towards coupons.

#### **1.4 Research questions**

The research questions that the study aims to address are:

1. To what extent do shoppers in Durban use coupons when purchasing FMCG goods?
2. What factors encourage FMCG coupon redemption among shoppers in Durban?
3. What factors discourage FMCG coupon redemption among shoppers in Durban?
4. How can FMCG coupon redemption rates among this group be increased?

#### **1.5 Research objectives**

In line with the above research questions, the objectives of the study are:

1. To determine the extent to which shoppers in Durban use coupons when purchasing FMCG goods.
2. To explore what factors encourage FMCG coupon redemption among shoppers in Durban.
3. To explore what factors discourage FMCG coupon redemption among shoppers in Durban.
4. To establish how FMCG coupon redemption rates among this group can be increased.

## **1.6 Research methodology overview**

In terms of the research methodology, this study adopts a qualitative exploratory approach. The data collection method used is focus groups, with 36 purposively selected participants in the greater Durban area. Data analysis is via qualitative content analysis.

## **1.7 Overview and conclusion**

This chapter has provided a brief introduction to, and overview of, the study. The research questions and objectives highlighted in this chapter aid as a way of introducing the study and what it hopes to achieve.

Chapter Two includes a literature review, which provides discussion of important aspects that relate to the topic. It highlights previous related research on coupons, and shows how this study contributes to addressing the gaps in existing literature. This chapter also covers the theoretical framework that guides the study.

Chapter Three, the research methodology chapter, outlines the research design, approach and methods. The chapter also focuses on the sampling techniques, sample size and site and, lastly, the limitations of the methodology and methods used in the study.

Chapter Four presents and discusses the findings of the study, as well as their implications, in relation to current literature.

Chapter Five is the conclusion of the study and includes recommendations, for both marketers and researchers, arising from the study. The contribution of the study is also discussed in this chapter.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Chapter Two seeks to give a broad explanation of the variables that constitute the crux of this study. The chapter includes a brief outline of marketing, the '4 Ps' and the marketing communications mix. A comprehensive framework of sales promotion, with particular focus on coupons, is then provided, as this is a vital component of the study. Additionally, a theoretical base for the study is set out.

#### **2.2 Marketing**

Marketing has certainly not been more significant or omnipresent than it is nowadays. Numerous organisations, ranging from enormous multinational corporations to minor entrepreneurial corporations and home-grown companies, recognise that marketing is an important business function that assumes a critical role in their ability to participate in the marketplace (Marais, 2013). Marketing management encompasses facets such as the identification, communication, creation, capture and conveyance of superior customer value to the directed market, with the goal of satisfying their needs and wants and simultaneously fulfilling organisational objectives (Kanagal, 2013). Marketing encompasses the activities related to purchasing and offering an item or service. It comprises promoting, selling and distributing products to people. For exchange to occur, there have to be at least two parties that have something of significant worth to each other, and a capacity or a yearning to surrender an item or service for the other party (Belch & Belch, 2012). Promotion assumes an essential role as far as the exchange procedure is concerned, by advising clients of an organisation's offering and persuading them regarding its capacity to fulfil their requirements and needs (Kanagal, 2013). A definitive objective is to coordinate an organisation's products and services to the general population who need and want them, in this way guaranteeing profitability (Marais, 2013).

The fundamental focus of market-driven organisations is on creating and supporting associations with their clients and bringing value (Marais, 2013). Customer-perceived value is the difference between a potential customer's assessment of the benefits and costs of a product when it is compared with other products (Kanagal, 2013). Belch and Belch (2012) assert that there are sure advantages related with value; these can be utilitarian (relating to the performance of an item), experiential (the experience of utilising the item) or psychological (relating to emotions; for example, self-regard, or the status that comes from owning a specific brand).

### 2.3 The marketing mix

The marketing mix (customarily known as the '4 Ps' - product, price, place (distribution) and promotion) are factors that a marketing manager can control to impact a brand's sales and market share (Belch & Belch, 2012). Figure 2.1 provides an overview of these factors. The crucial mission of promotion is merging these four elements into a marketing programme, keeping in mind the end goal to encourage the potential for trade with shoppers in the market place (Belch & Belch, 2012).



**Figure 2.1 The Marketing Mix (4Ps)**

Source: [http://businessfit.net/wp-content/uploads/2012/01/The\\_Marketing\\_Mix2.jpg](http://businessfit.net/wp-content/uploads/2012/01/The_Marketing_Mix2.jpg)

### **2.3.1 Product**

The product element refers to either a tangible good or an intangible service that the company elects to market to accomplish or set particular needs (Hilgeman, 2013). It additionally represents the organisation's diversity from its rivals, or the supremacy of their products to that of its competitors, as far as the quality is concerned (Tellis, 2006).

This particular element concerns the attributes of the item, with particular reference to components such as advantages, plan, features and quality; it likewise incorporates guarantees and warranties (Marais, 2013). The standard exercises that go with the product component incorporate groupings of the product, the positioning in the market and packaging (Marais, 2013).

### **2.3.2 Price**

Price means the value that the firm has chosen to charge for the specific item (Rauch, 2012). For some consumers, price plays a very important role when shopping, and to a certain extent could be the determining factor of which brand the shopper is going to choose to buy, depending on how much money they have to spend and how loyal they are to the brand.

### **2.3.3 Place**

Place (otherwise referred to as distribution) alludes to the final delivery of the items that are provided by organisations. This variable is measured by rack space, availability and distribution (Tellis, 2006). Place is how the organisation makes its products accessible to its directed consumers (Rauch, 2012). It includes the fruitful combination of the considerable number of organisations involved (such as producers, distribution centres, shipping and stores) into a consistent value chain (Marais, 2013). It is imperative to offer the product to the directed consumers where and when they require it (Tellis, 2006).

### 2.3.4 Promotion

A standout amongst the most imperative components of the marketing mix is promotions (Tellis, 2006). As indicated by Belch and Belch (2012:8), promotion has been characterised as “the coordination of all seller-initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea”. Marketers have a range of promotional tools at their disposal. Collectively, these tools are known as the promotional mix or the marketing communications mix (see Figure 2.2). The tools included in the marketing communications mix are publicity, direct marketing, public relations, personal selling and sales promotions (Pillay, 2007).



**Figure 2.2: The Marketing Communications Mix**

Source: [https://classconnection.s3.amazonaws.com/251/flashcards/878251/png/picture\\_121320098921793.png](https://classconnection.s3.amazonaws.com/251/flashcards/878251/png/picture_121320098921793.png)

The focus of this study is on sales promotion, which is covered in depth in Section 2.5. However, it is useful to first provide a very brief description of each of the additional components of the marketing communication mix, as this might help to make clearer the unique characteristics of sales promotion, in relation to the other elements. These elements are:

- Advertising, which is “any paid form of non-personal presentation and promotion of ideas, goods or services from the sponsor evident by print media, telecommunications etc” (Kotler & Keller, 2012:65).

- Direct marketing, which refers to “the way that organisations communicate directly with their target customers to generate reaction or transaction, which uses one or additional media tools to achieve an assessable response or transaction” (Pillay, 2007:156).
- Public relations, which can be defined as the ‘management of strategic relationships’, as this personifies the essential theories of public relations. The Public Relations Institute of South Africa (PRISA) defines public relations similarly, as the “management, through communication, of perceptions and strategic relationships between an organisation and its internal and external stakeholders” (Le Roux & Naude, 2011:2).
- Personal selling, which is a ‘person-to-person procedure’, whereby the vendor endeavors to determine the potential purchasers’ wants, and pursues to fulfil these by offering appropriate goods, services or thoughts (Du Plessis *et al.*, 2010).

## 2.4 Sales promotion

The projected changes and growing competition in the FMCG sector are driving pressure on marketers to be more focused and unique to ensure that their brands outdo their rivals (Marais, 2013). It is critical that marketers persistently create ground-breaking and one-of-a-kind marketing strategies to construct brand awareness and furthermore stimulate interest for their brands; sales promotion is measured to be a standout amongst the best components for accomplishing this, particularly in the FMCG business (Pillay, 2007).

Sales promotion is generally defined as “those marketing activities that provide extra value or incentives to the sales force, the distributors or the ultimate consumer and can also stimulate immediate sales” (Belch & Belch, 2012:516). The focus of this study is on ultimate consumers. Sales promotions consists of a diverse collection of incentive tools (such as coupons, premiums, competitions, rebates, loyalty programs and so on) intended to be utilised as a temporary approach to increase sales (Riley, 2012). Sales promotion performs as a competitive defence by giving the targeted customers an inducement to buy or support one trademark over an alternative; this strategy has its effect in terms of spurring product trial and unplanned purchases (Karthikeyan & Panchanatham, 2013a). According to Marais *et al.* (2014), sales

promotion furthermore has a recall rate of 76%, compared with television commercials which have a recall rate of 54%.

Sales promotion is an action-focused promotional event intended at initiating a direct influence on the performance of the firm's customers (Gonzalez-Benito *et al.*, 2010). The different definitions of sales promotion all seem to have a common perspective, which is the fact that they all involve a brief and palpable alteration of supply, for the vital goal of direct influence on the actions of the consumer, retailer or sales force (Manalel *et al.*, 2007).

According to Liao (2006), sales promotion is a vital segment of the marketing communication mix, which has been utilised comprehensively by relevant parties as a main inducement instrument in order to pull buyers to stores and upsurge sales in the short run.

## **2.5 Categories of sales promotion**

According to Belch and Belch (2012), sales promotion is largely categorised into two focal classifications, namely consumer-oriented and trade-oriented activities. Consumer-oriented sales promotion tools (also known as the pull strategy) aim to increase sales among existing consumers, and also attract new customers (Chand, 2016). They target the crucial consumer of the product or services using samples, contests, refunds, sweepstakes, premiums, couponing and point-of-purchase material. Such promotional tools encourage consumers to make an immediate purchase and can thus stimulate short-term sales (Pacheco & Rahman, 2012). The second classification is the trade-oriented sales promotion, also known as the push strategy, which is targeted at the dealer network to encourage them to sell more of the company's brand than other brands (Chand, 2016). "The trade-oriented sales promotion tools target marketing intermediaries (such as retailers, wholesalers, or distributors) and includes price deals, trade shows, sales contests, promotional and merchandising allowances" (Warrink, 2015:85).

Sales promotion is a necessary piece of the marketing communication mix. There are numerous explanations for the increased importance placed on sales promotions, including deteriorating brand loyalty and greater consumer sensitivity to promotional deals (Karthikeyan & Panchanatham, 2013b).

According to Chand (2016), another cause is that retailers are requesting much more trade promotion provision from enterprises than before, due to their size and power in the marketplace.

Sales promotion serves three vital roles, which are to educate, induce and remind potential and current customers about a company and its product offerings (Riley, 2012). More objectives of sales promotion include encouraging demand, inspiring trademark converting, encouraging sampling of new offerings, disputing competitor's advertising programmes and retaining faithful clients (Marais, 2013). Although various sales promotions systems all focus on the same primary goal of increasing sales by encouraging purchases, each technique is unique and can be used to achieve specific objectives, which vary from urging recurring purchases to attaining product trial (Campbell, 2012). Sales promotion methods are additionally identified for not only attracting new clientele, but also repeatedly communicating with existing customers, who see the promotion as an incentive for the support they have given to the brand (Chand, 2016).

The focus of this study is on consumer-oriented sales promotion, which is covered further in subsequent sections.

## **2.6 Benefits of sales promotion**

The primary advantage of sales promotion lies in its ability to create a feeling of urgency among consumers (Chand, 2016). As indicated by Belch and Belch (2012), the fundamental motivation behind why shoppers react in a positive and rapid way towards sales promotion offerings is because of the way that they acquire further value from the sales promotion. Several critical advantages related to the use of sales promotion are that they can have an impact by providing information and offering incentives, which adds worth and influences consumers to make a purchase immediately (Pillay, 2007). Furthermore, sales promotion can empower clients to purchase higher quality items, because of the price reduction, and since sustaining current customers is extremely important, sales promotion can also be utilised as a way to reward loyal customers (Pujari, 2012). Staying ahead of competition is pivotal, particularly in an aggressive industry like the FMCG business; sales promotion can be utilised

to neutralise or counter competitors' promotions by diminishing their effect (Karthikeyan & Panchanatham, 2013a). As indicated by Marais (2013), utilising sales promotion can positively affect business volume. In spite of the fact that sales promotion offers significant advantages, advertisers in the FMCG business ought to likewise consider their restrictions (Chandon, Wansink & Laurent, 2000).

## **2.7 Limitations of sales promotion**

The chief restriction related with sales promotion is that it frequently has the impact of making shoppers concentrate more on price, as opposed to the distinction of the brand (Marais, 2013). Furthermore, customers may switch brands and buy an item simply because it is on promotion, and afterwards go back to purchasing their usual brand once the promotion has reached an end (Dave, 2010). As such, sales promotions may only have a temporary effect; it only persists with the offering of the promotion (Marais, 2013). Sales promotion occasionally inspires repeat buying over an extended period because it is a transient motivator (Campbell, 2012).

In spite of the fact that sales promotion can be utilised to decrease the decay stage of a product's life cycle, it cannot eternally end deteriorating sales (Marais, 2013). As Campbell (2012) notes, companies have a brief period in which to attempt to maximise sales during a successful promotion, due to the fact that competitors may counter, leading to a price war. Pillay (2007) states that sales promotion could influence the trademark's image negatively, on the grounds that a brand that implements a sales promotion frequently could be seen as a low value brand; it could also shift emphasis from the worth of the item to the cost of the item. Greyser and Kopp (1992) noted that many manufacturers rely more on sales promotions and the sales force, rather than on product differentiation and advertising.

## **2.8 Sales promotion in the FMCG industry**

The FMCG industry is involved in the growing use of sales promotion procedures in all parts of the world (Campbell, 2012). The industry is primarily characterised by low unit value products, which involve frequent purchases, impulse buying, consumer behaviour that displays less loyalty and low consumer involvement (Karthikeyan & Panchanatham, 2013b). Since the



risk connected with the buying of low involvement products offered in the FMCG industry is relatively low when compared to high involvement buying situations, consumers do not mind experimenting with different brands offering sales promotion incentives (Campbell, 2012). The judgment that a shopper makes about which brand to buy and how much of it to buy is reliant on brand-particular elements (which incorporate the cost and promotion of brands) and buyer-particular components (which incorporate brand loyalty, product affect to cost, promotion and the consumption rate) (Marais, 2013). Long-standing advertising events of brands may have the consequence of altering the consumer's response to short-term marketing actions. In addition, frequent sales promotions of a favoured brand can prevent customers from switching brands, as it is likely that a deal on their favoured brand will be forthcoming; consumers are more likely to stock up when their favourite brand is on promotion, which means that they fulfil a greater portion of their demand in promotional periods (Reich, McCleary, Tepanon & Weaver, 2005).

Osuna *et al.* (2016) closely observed thousands of distinct sales promotions and concluded that sales promotions are most active in stimulating sales during the preliminary and growth phases of the brand's life cycle. Notwithstanding, Osuna *et al.* (2016) cautiously asserted that sales promotions frequently mortgaged brands' future sales and doubted the overall profitability of many sales promotions. The extraordinary practical utility of sales promotion techniques, as assumed by marketers, is reflected in the findings of Blattberg and Neslin (1990), who observed that consumer promotions account for almost a quarter of the marketing budgets of consumer product companies. Liao (2006) explains that sales promotion is a very important component of the marketing mix, which companies have used as a major incentive tool in attempting to pull more consumers into store, and to increase footfall and short-run sales volumes.

A substantial assemblage of research on buyer responses to deals advancement systems has amassed in the course of recent years, because of the rising significance of this lever. However, very little research has been done to discover the components that impact coupon recovery rates, particularly among South Africans.

## **2.9 Consumer-oriented sales promotion techniques**

Consumer-oriented sales promotion comprises numerous communications events that try to offer added value or incentives to consumers, in an attempt to arouse product interest, trial, or purchase.

Examples of strategies used in sales promotion include coupons, samples, premiums, point-of-purchase (PoP) displays, contests, rebates and sweepstakes (Dave, 2010). It is the marketer's obligation to pick the sales promotion framework that is fitting for a specific market segment, keeping in mind the end goal to effectively motivate buyers to purchase the products offered (Marais, 2013). The focus of this study is on a specific consumer-oriented sales promotion technique, coupons. Before discussing coupons, however, a brief overview of the various other consumer-oriented sales promotions techniques is provided.

- **Sampling**

As indicated by Belch and Belch (2012:529), sampling can be defined as “a variety of procedures whereby consumers are given some quantity of a product for no charge to induce trial”. This strategy is the most expensive - yet the best - approach to introduce a new product (Campbell, 2012).

- **Premiums**

A premium is “an offer of an item of merchandise or service either free or at a low price that is used as an extra incentive for purchasers” (d'Astous & Jacob, 2002:36). Premiums are often used in an attempt to get enhanced visibility for a product to enable purchase (Campbell, 2012).

- **Contests and sweepstakes**

Contests typically require the contestant to perform some kind of action. The winner is selected based on who accomplishes the best out of the contestants, or who provides the most accurate answers. The winner is determined by a panel of judges. Contest prizes vary from big to minor and they frequently offer a purchase inducement by requiring proof of purchase (Campbell,

2012). A sweepstake is “a promotion where winners are determined purely by chance, it cannot require a proof of purchase as a condition for entry” (Dave, 2010:10).

- **Refunds and rebates**

Refunds are otherwise called rebates and are defined as “offers by the manufacturers to return a portion of the product purchase price, usually after the consumer supplies some proof of purchase” (Belch & Belch, 2012:543).).

Rebates aid to generate new customers for the company and can likewise inspire the consumer to brand converting or encourage repeat purchase behaviour for the product (Chand, 2016).

- **Bonus packs**

Bonus packs “offer the consumer an extra amount of a product at the regular price by providing the consumer with large containers or extra units” (Belch & Belch, 2012:545). A bonus pack offers additional value, which most times is obvious to the consumer, and it can therefore have a strong impact in the purchase decision at the time of purchase (Marais, 2013).

- **Price-off deals**

The simplest sales promotion is the straightforward percentage or price-off deal. This is when you mark down all items, particular sorts of items, or a solitary item by a set sum or a percentage. The general purpose is to boost the value proposition by specifying a lower price for the equivalent quality or service (Campbell, 2012).

- **Loyalty programmes**

Loyalty programmes are also known as continuity or regularity programmes. Various FMCG companies use this practice and offer consumers the opportunity to accumulate points for continuing to purchase their brands; those points can then be redeemed for gifts and prizes (Liao, 2006).

- **Event marketing**

Event marketing, as indicated by Belch and Belch (2012:549), is “a type of promotion where a company or brand is linked to an event or where a themed activity is developed for the purpose of creating experiences for consumers and promoting a product or service”.

### **2.9.1 Coupons**

Coupons have been known since mid-1895 and are thought to be the oldest, most comprehensively utilised and most effective sales promotion method (Manalel *et al.*, 2007). The use of coupons has turned out to be tremendously prevalent among some shoppers, which is the key justification for the progression of usage by companies and retailers as a sales promotion encouragement (Mittal & Sethi, 2011). According to Marais (2013:33), coupons are “certificates with a stated value, which is presented to the retail store for a price reduction on a specific item which is granted immediately at the time of the purchase”. In the FMCG industry, coupons are widely used to attract consumers (Noble, Lee, Zaretzki & Autry, 2017).

Past research suggests that a positive relationship exists between the monetary value of a coupon and its redemption rate. Bawa and Shoemaker (1987) found that the redemption rate of coupons was significantly related to the coupon’s face value. Higher face-value coupons were redeemed at a higher rate than lower face-value coupons. Further, the authors also suggest that coupons normally caused a momentary brand switch; however, they do not prompt lasting changes in purchase likelihood. Bawa and Shoemaker (1987) also found that a brand’s market share was increased by almost 50% because of a direct mail coupon promotion. Further, the most dramatic increase was found among the households who received direct mail coupons of higher face value. Ward and Davis (1978) found that promotions using higher face value coupons resulted in greater incremental sales. According to Huff and Alden (1999), price-conscious consumers have more positive attitudes towards coupons. Coupons with higher face values have been associated with higher redemption rates among non-regular purchasers of the brand, such as switchers and new brand users (Noble *et al.*, 2017). However, regular users find the coupon’s monetary value to be less important.

### **2.9.9.1 Advantages of coupons**

Manufacturers in the FMCG industry use numerous consumer-oriented sales promotion techniques, with each technique having certain advantages and disadvantages. The advantages that are associated with coupons are not only relevant for new products that come into the market, but also for recognised products and brands.

According to Kokemuller (2016), a well-known advantage of coupons is that of making it possible for the company to give a value discount to shoppers who are more price-sensitive than loyal customers. The coupon makes it more attractive for price-sensitive consumers to buy. Another advantage associated with coupons is that they can be used to improve the company's information database by requiring the buyer to fill in some information on the coupon (Campbell, 2012). Coupons also inspire repurchasing and entice consumers who may have been lost to competing brands (Goodwin, 1992). Coupons are repeatedly utilised as a method of pleasing and encouraging dedicated customers to remain buying products (Marais, 2013), and to create trial for new, improved or value-added products among existing consumers and non-users (Ross, 2016). The FMCG industry is where coupons are mostly used (Campbell, 2012). As indicated by Goodwin (1992), coupons may also be used to exercise price discrimination, to introduce new products, to promote brand switching and, lastly, to maintain brand loyalty.

### **2.9.9.2 Limitations of coupons**

There are many limitations associated with coupons. One of them is that the consumer response to a coupon offer is often not immediate. Redemption can take months, making it very challenging for marketers to estimate the number of consumers who will use the coupon (Kokemuller, 2016). A second limitation is that, when taking into consideration the face value of the coupon and the costs associated with production, distribution and handling, the coupon becomes very expensive to offer (Marais, 2013).

According to Ross (2016), another issue is that when using a coupon to attract new users to a well-known brand, it is difficult to prevent current users of the brand from using the coupon

too. Marais (2013) states that loyalty among users is also decreasing as coupon customers only buy products or brands that offer coupons; when a coupon is not offered, there is no purchase. Mis-redemption and/or fraud (e.g. the cashing of a coupon without purchasing the brand) is another problem that seems to occur (Simonson *et al.*, 1994). Furthermore, as it is hard for vendors to guess the number of consumers who will use the coupons, this may result in customers being dissatisfied if stores do not have enough stock of promoted products (Marais, 2013).

## **2.10 Coupon distribution methods**

In an attempt to encourage coupon redemptions, retailers use a variety of coupon circulation methods to reach their particular clients (Chatterjee, 2007). These methods are outlined below.

### **2.10.1 Freestanding inserts**

The most popular technique of distributing coupons to consumers is by means of newspaper freestanding inserts (FSI), which represents 86% of all coupons circulated (Belch & Belch, 2012). According to Kanagal (2013), a free-standing insert is when a coupon booklet is inserted into the local newspaper for delivery. The motives allied with the widespread usage of this circulation process include viable circulation cost, across the country same-day flow, four-shading design and they can be competition free (Chand, 2016). In spite of the fact that this circulation method is one of the most regularly used, sometimes many brands offer coupons, leading to a cluttered environment which makes it more difficult for consumers to notice particular coupons (Campbell, 2012).

### **2.10.2 Direct mail**

Coupon dispersion via direct mail can be used by local retailers, where a package of coupons is prearranged for numerous diverse products (Bhutada, 2008). While this distribution technique is not utilised frequently compared to other approaches, it has advantages. It can reach a broad audience or be targeted to specific geographic or demographic markets; it also has a greater redemption rate than FSIs (Marais, 2013). Direct mail coupons have considerably better redemption rates than coupons that are distributed via other types of media (Bhutada,

2008). However, the chief drawback is the cost; it is more costly than other distribution procedures (Campbell, 2012).

### **2.10.3 Newspapers and magazines**

Although the use of coupons printed in newspapers and magazines as a distribution method has declined, owing to the availability of FSIs, this distribution method still has a limited number of benefits, such as market selectivity, short lead times and cooperative advertising opportunities (Prendergast & Thompson, 2008). Customers sometimes hunt the papers for coupons on specific days, for example, on Sundays or when grocery stores advertise their special offerings in daily papers; results in customers seeing the coupon and redeeming it (Dave, 2010). However, the difficulties linked with the usage of newspapers and magazines for coupon distribution are declining readership, clutter and high distribution costs (Belch & Belch, 2012; Marais, 2013).

### **2.10.4 In/on pack**

Belch and Belch (2012) state that putting coupons either inside or outside the product packaging accounts for approximately 1% of coupons distributed. One of the chief benefits of in/on-pack couponing is that it incurs no additional circulation costs and results in greater redemption rates, compared to other coupon distribution approaches (Campbell, 2012). Ward and Davis (1978) found that neck tag coupons had lower redemption rates than on-package coupons; the redemption rate for in-package coupons was found to be the highest in Reibstein and Traver's study (1982). In South Africa, the on-pack method of distribution is most popular (see Figure 2.6 for 2016 statistics from the Coupon Clearing Bureau of South Africa). Neslin (1990) suggests that these types of promotions are more appropriate for reaching current users of the brand. There are three types of in/on-pack coupons: bounce-back coupons, cross-ruff coupons and instant coupons (Kanagal, 2013).

### *Bounce-back coupons*

According to Belch and Belch (2012:565), the bounce-back coupon (also known as the next-purchase coupon), “is a form of coupon that is redeemable for the next purchase of the same brand”. In terms of distribution technique, it can be electronically distributed straight after the customer has made payment for a specified product or service and it is also frequently printed at the end of the consumer’s receipt, offered as a FSI or on a separate scanner sheet (Chatterjee, 2007). Bounce-back coupons are regularly used with product samples, in order to inspire the customer to buy the item after sampling, and may be incorporated in the package during the early phases of the product life cycle in order to encourage repeat purchase (Belch & Belch, 2012). Bounce-back coupons can be utilised as a self-protective manoeuvre for an established brand to retain its present users (Belch & Belch, 2012). As Chatterjee (2007) indicates, bounce-back coupons vary from customary coupons in that they will probably be better focused on and they additionally represent future savings. Also, bounce-back coupons are typically targeted to the current purchasers of a product, brand or service and they are more likely to have higher redemption rates than traditional coupons (Chatterjee, 2007). The primary disadvantage of next-buy coupons is that they are conveyed to current purchasers of the item only and do not lure non-clients (Belch & Belch, 2012).

### *Cross-ruff coupons*

Cross-ruff coupons are redeemable on purchase of a different product, usually made by the same company; such coupons typically have redemption rates of 3% to 13% (Belch & Belch, 2012). Cross-ruff coupons can be a decent method for urging clients to try different products or brands (Marais, 2013).

### *Instant coupon*

The last type of in/on-pack coupon is the instant coupon, which has the highest redemption level (21%) (Liao, 2006). This kind of coupon owes its high reclamation rates to its use for basic needs items and health and beauty items (Belch & Belch, 2012). This coupon is not complex to use; all a customer needs to do is to rip it off and redeem it straightaway at the time of purchase (Kanagal, 2013). The benefit of an instant coupon is that it offers a customer an



instant point-of-purchase incentive; additionally, in terms of promotion timing and market region, it can be selectively placed (Belch & Belch, 2012).

#### **2.10.5. In-store couponing**

This distribution method has seen robust growth over the past few years; it includes all co-operation couponing programmes that are distributed in a retail store environment, and accounts for an estimated 6% of total coupon distribution, especially in the FMCG industry (Belch & Belch, 2012). In-store coupon circulation can occur in numerous ways, which include tear-off pads, electronic dispensers, on-shelf dispensers and hand-outs in store which occasionally can be dispersed as part of a sample demonstration (Belch & Belch, 2012).

##### *On-shelf couponing*

As indicated by Kanagal (2013:8), on-shelf couponing “is a method when coupons are present at the shelf where the product is available”. Flickering lights are sometimes used in order to draw the shopper’s attention to the inducement being presented. On-shelf coupons can reach consumers when they are ready to make a purchase, create instinct buying, increase brand attentiveness and inspire product trial (Belch & Belch, 2012). In-store coupons are stress-free to use because they are found in the store, and shoppers can redeem them immediately, as opposed to having to tear out and remember to bring coupons (distributed via other methods) along to the store (Marais, 2013).

##### *Electronic dispensers*

Another approach to circulating in-store coupons to consumers is using electrical gadgets such as checkout dispensers, where at the till the shopper is given a coupon based on products bought (Kanagal, 2013). These types of coupons are effective and extensively utilised in the FMCG industry to reduce brand interchanging and increase brand trustworthiness (Belch & Belch, 2012). The key benefit of this method is that it is not too expensive and can target a particular group of consumers (Belch & Belch, 2012).

### **2.10.6 On-line and mobile couponing**

New approaches to dispensing coupons have developed, such as on-line couponing and mobile couponing. On-line couponing is when coupons are obtainable on the web for customers to print (Kanagal, 2013). With mobile couponing, coupons are accessible on a portable phone and the shopper then shows the deal on the mobile phone to a salesperson for redemption (Kanagal, 2013). Marais (2013) states that although these two technological methods can be very effective, they have a major disadvantage of consumers forgetting the printed coupon at home or forgetting that they have a mobile coupon on their phone, since it is not visible and right in front of their eyes as a form of a reminder. Nevertheless, mobile coupons have become a third marketing channel, after digital and print media (Gonzalez, 2016).

Mobile coupons offer marketers several benefits, such as the opportunity to connect with customers to obtain data on location and customer behaviour, at any time of the day or week, during different situations that will stimulate unplanned purchases (Gonzalez, 2016). Moreover, mobile coupons display other advantages over print coupons, such as the possibility to be forwarded to a group of potential customers; they may also be individually personalised, depending on the individual's interest in different product categories. Further, mobile coupons cannot be lost, as they are carried in the cell phone's memory until redemption (Beeck & Toporowski, 2017). Over 80% of digital coupon users in the USA redeem coupons via their mobile devices, and the number of electronic coupons redeemed will nearly double over the next three years, increasing to 16 billion of the total 28 billion forecast connected devices by 2021 (Gonzalez, 2016).

### **2.11 Coupon redemption rates**

Earlier, coupon redemption rates were used as a measure of coupon effectiveness because of the simplicity of calculation and ease of data availability (Irons *et al.*, 1983). Results from previous studies suggest that coupons can generate temporary incremental sales, but they lack the background knowledge to create a significant long-term or permanent conversion to the promoted brand (Bawa & Shoemaker 1989; Neslin 1990; Srinivasan, Leone, & Muihern 1995). Irons *et al.* (1983) found that with higher market penetration, low market share brands can

generate more incremental sales than high market share brands. Since the incremental sales generated by coupons are from the current users and not new users, coupon promotions may not be effective in increasing market share and sales in the long run (Neslin 1990; Neslin and Shoemaker 1983). There is no conclusive evidence regarding the impact of coupon promotions on profitability. Profitability and market share of a product are dependent on incremental sales. Neslin's (1990) study found that the incremental sales generated by coupons were not significant enough to make the promotions profitable. One of the most extensive literature reviews of direct mail coupons appears to be that of Bawa (1996). In this review, Bawa indicates that even though many studies have examined the utilisation and elements of coupons, a fairly small set of consumer goods have been utilised to test the hypotheses and develop theories in this area. He further brings to attention the paucity of research in examining the impact of coupon promotion on consumer's attitudes, beliefs and behavioural intentions. Thus, an exploration of factors that influence coupon redemption rates among Durban shoppers appears warranted. Further, the lack of knowledge of the factors that influence redemption rates in South Africa more broadly makes such an exploration justifiable. The next section discusses factors affecting coupon redemption rates (as such, it is especially pertinent to Research Objectives 2 and 3).

### **2.11.1 Factors affecting coupon redemption rates**

Neslin (1990) theorises that brands with higher market shares have greater coupon redemption rates. Consumers who were already buying the brand were typically appealed to, for a coupon promotion for that brand. This is particularly true for high market share brands that are positioned in highly concentrated product categories. Sethuraman and Mittelstaedt (1992) found that sales of private label (store) brands decreased with increase in couponing activity by national brand manufacturers. However, there was no significant increase in the sales of private label brands when they were promoted with coupons. The reason national brands draw sales from private label brands is that, in the presence of coupons, their price is closer to the store brands and therefore more consumers switch to branded products.

Many studies have focused on demographic variables to understand coupon use behaviour. Teel, Williams and Bearden (1980) report that use of new products is evidently affected in the presence of coupons for younger, higher income and larger household consumers. They further report that, apart from the financial incentive offered by the deal, self-expression is also seen as one of the motives for consumers to use coupons. Similarly, Bhutada (2008) reports that the trend of coupon usage is greater among families with a higher education level and no children under the age of 18; however, coupon use is lower among families with employed wives. According to Bawa and Shoemaker (1987), the coupon-using trend is larger among younger, higher income, highly educated, urban dwelling, housewives, and non-loyal consumers. In another study, Bawa and Shoemaker (1989) report that females, highly educated individuals, larger households and home owners are more prone to using coupons in their purchases. Mittal (1994) argues that the majority of these former discoveries, about the extent of the connection between demographics and coupon usage behaviours, are modest and to some degree inconsistent. He further reports that effects of demographic variables on coupon usage and attitude is mediated by several psychological variables, as well as the perceived costs and benefits associated with responding to coupons.

Despite the significance of the effect of expiration dates on coupon redemption rates and profitability, there is very slight practical research available on this aspect. Inman and McAlister (1994) report that the expiration date is a momentous predictor of a coupon's redemption rate. Their findings also suggest that coupon redemptions are significantly higher immediately after the coupon becomes available, and decrease systematically afterwards. The authors also report that the coupons are redeemed at a higher rate just before their expiration date.

Consumers' efforts to redeem coupons have been found to trigger the intention to use coupons. The redemption of coupons is the consumer's specific investment to fully use the coupons (Noble et. al, 2017), based on how the cost and benefits of this use compensate their effort to redeem them. The use of coupons requires a learning process from the consumer (Achadinha et.al, 2014). Gonzalez (2016) found that factors impacting coupon redemption are: the presence of distinct consumer segments, which exhibit different responses to the coupon's face value;

the coupon type, which determines the effort required to collect and redeem it; and whether the coupon includes a preferred brand or a brand that the consumer occasionally purchases.

The relationship between redemption effort and attitude toward using a coupon reveals a stronger value-seeking effect in a mobile shopping context (Dickinger & Kleijnen, 2008). Rather than expending the extra effort to redeem a coupon, consumers perceive the effort as a barrier that impedes them from getting what they want in the bargain (Danaher, Smith & Ranasinghe, 2015); thus, the higher the effort required to redeem a coupon, the less positive the consumer's evaluation of the coupon. This will negatively impact the consumer's attitude towards coupons.

The Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975) and the Theory of Planned Behaviour (TPB) (Alpar & Winter, 2014) are relevant approaches to explain the intentions to use print, electronic, and mobile coupons. The TRA contemplates attitudes, peer thoughts, and subjective norms, and states that consumers' intentions to use coupons are determined by their attitudes toward the act of using coupons. Further, perception involves whether peers think they should expend the effort to clip, save, and use coupons. Additionally, subjective norms capture the social pressure a decision maker feels to perform or not perform a behaviour. The TPB adds a third antecedent construct, perceived behavioural control, to predict consumers' behavioural intention. Perceived behavioural control refers to consumers' beliefs regarding their access to the resources and opportunities needed to perform a given behaviour; this is a crucial antecedent of the intent to redeem coupons. (Kang *et al.*, 2006). The TPB contemplates such non-motivational factors as time, money, skills, and others' cooperation (Ajzen, 2011), which then impact behavioural intention, to the extent that if a person may have opportunities and resources and intends to perform a behaviour, then he or she should successfully undertake the behaviour. Danaher *et al.*, (2015) states that consumers' behaviour toward redeeming coupons is dependent on their past coupon usage. An individual's past behaviour can often provide explanation of their contemporary behavioural intention as well as actual future behaviour, as it may capture the automatic activation of intentions and expectations, such as those reflected in habits (Gonzalez, 2016).

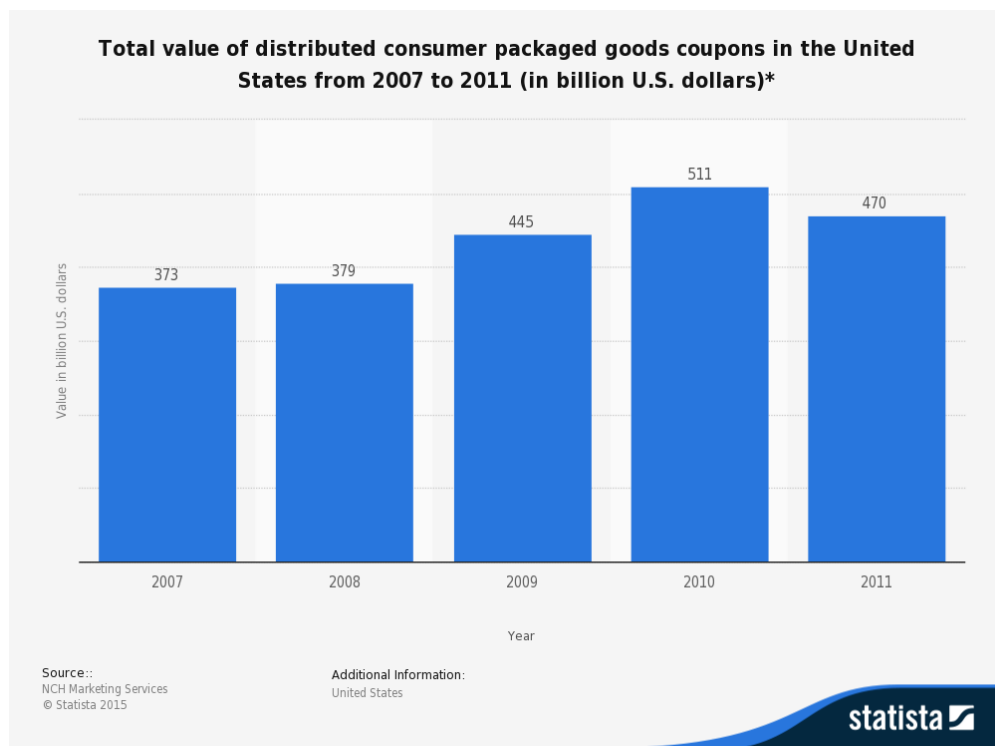
The ability to incrementally redeem a coupon appears to also depend upon the extent of consumer heterogeneity in the market, with respect to loyalty toward the couponed brand (substitution costs), responsiveness to face values (economic benefits), and disposition toward type of coupon vehicle (effort costs and psychological benefits) (Noble *et al.*, 2017).

## 2.12 Coupon trends

This section outlines some trends concerning coupons, both internationally and in the South African context.

### *International trends*

Figures 2.3 and 2.4 reflect recent USA trends, with regard to coupon distribution and redemption respectively.

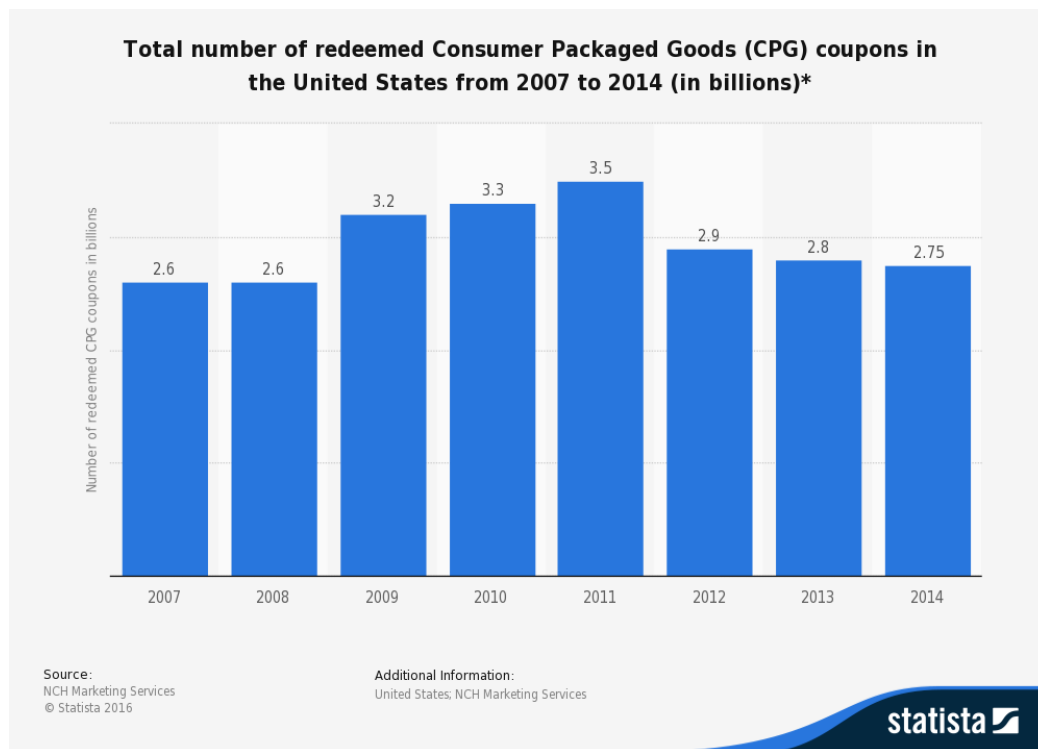


**Figure 2.3: Total value of distributed consumer packaged goods coupons in the United States from 2007 to 2011**

Source: <http://www.statista.com/statistics/247158/total-value-of-distributed-cpg-coupons-in-the-us/>

The above figure shows the total value of distributed CPG coupons in the USA from 2007 to 2011. This figure shows that, from 2007 to 2010, coupons were gaining momentum and seeing a rise each year. However, 2011 saw a different picture with the value of distributed coupons declining somewhat, but still above the 2009 level.

While Figure 2.3 shows the value of CPG coupons distributed, Figure 2.4 shows the number of CPG coupons redeemed.



**Figure 2.4: Total number of redeemed Consumer Packaged Goods (CPG) coupons in the United States from 2007 to 2014 (in billions)**

Source: <https://www.statista.com/statistics/247546/total-number-of-redeemed-consumer-packaged-goods-coupons-in-the-us/>

As can be seen in Figure 2.4, the use of coupons has seen an increase in the USA since 2009, when 3.2 billion coupons for packaged good items were redeemed, compared to the 2.6 billion redeemed in 2008. The significant increase in the use of coupons in this period was due to the tough financial times of recession that numerous families were facing (Belch & Belch, 2012).

Subsequently, however, the number of coupons redeemed has fallen. It is clear from the above figure that coupons in the USA are seeing declines in terms of total number of redeemed coupons year on year, since 2012. This decline is further supported by a study on coupons conducted by Holden (2017), where, when asked about overall coupon usage, 92% of respondents reported using coupons in the past year for purchases (which represented a tiny drop from the 93% who reported coupon use a year ago). This may reflect a decline in brick-and-mortar shopping, as well as a decrease in direct mail marketing campaigns and newspaper readership – both strong traditional coupon sources (Holden, 2017).

Nevertheless, the USA has shown itself to be a nation that is still rather coupon friendly compared to other countries, with reference to both redemption rate and distribution rates. Coupons are a dominant part of life in the USA, where approximately 2.75 billion are used yearly; in Canada, it is projected that each home uses 38 coupons per annum and in Britain, 360 million coupons are cashed every year (CCBSA, 2013).

#### *South African trends*

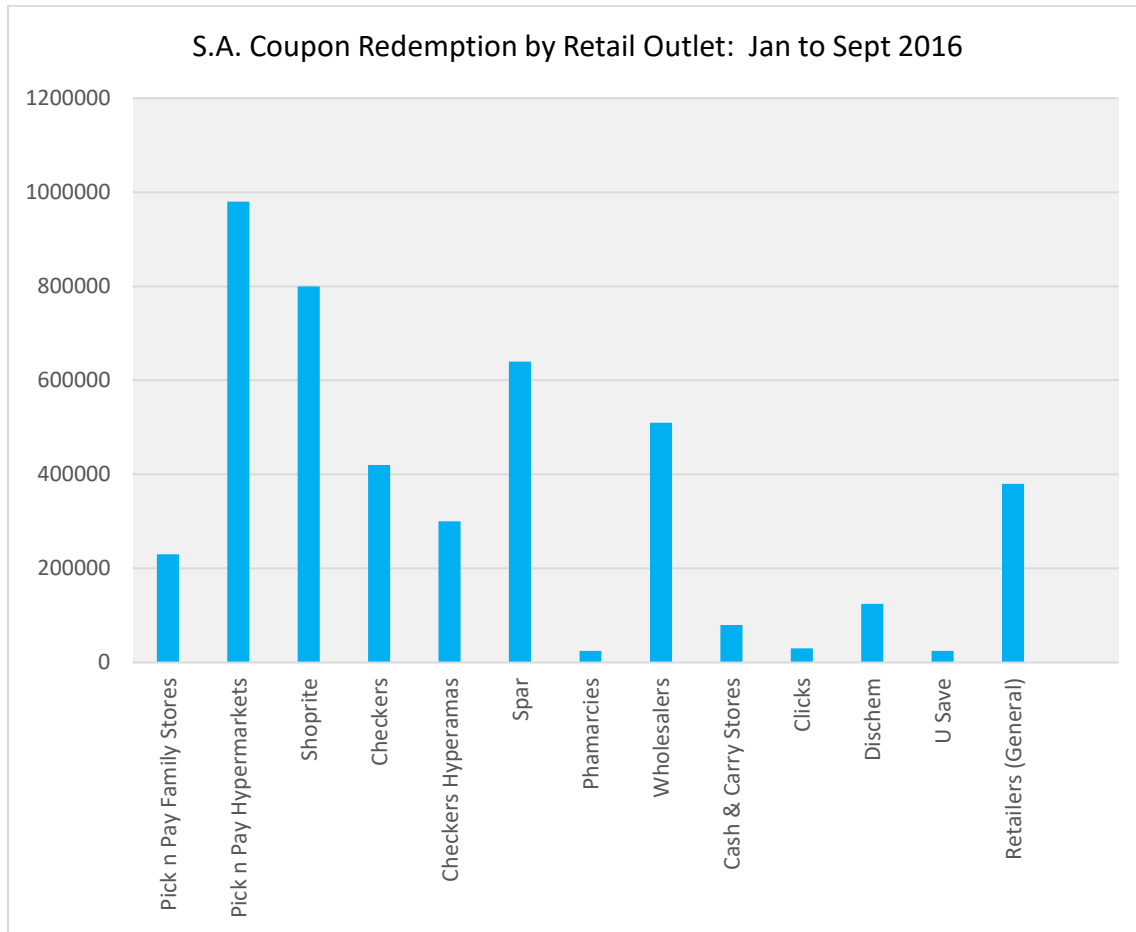
Research Objective One relates to determining the extent of use of coupons among Durban shoppers. The statistics provided in this section may provide some useful contextual background for understanding coupon use of this specific group.

It has been asserted that South Africa does not have a coupon culture (Morgan, 2006).

The redemption rates reflected in the figures that appear on the following pages provide an indication of the situation regarding the use of coupons in South Africa, with particular reference to the product offerings found in the FMCG industry.



There are more retailers that are now offering coupons to shoppers in their stores (see Figure 2.5) and this is seeing a rise each year (CCBSA, 2016).

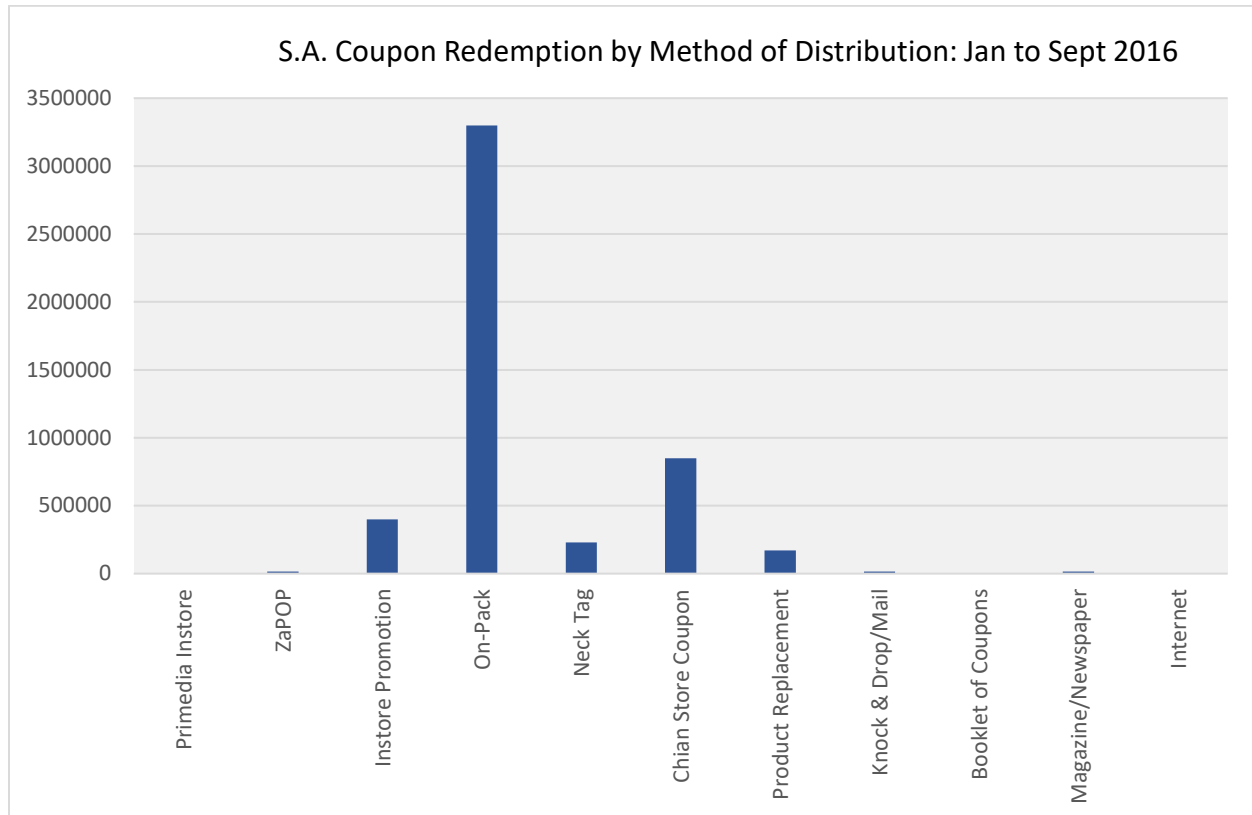


**Figure 2.5: S.A coupon redemption by retail outlet January to September 2016**

Source: [www.ccbssa.co.za](http://www.ccbssa.co.za)

Retailers in South Africa are now battling it out with the use of coupons in their stores. As can be seen above, Pick n Pay Hypermarket is the leading retailer in terms of where most coupons have been redeemed in South Africa, between January and September 2016. Shoprite and Spar are in second and third place respectively, and are showing good growth in coupon usage and redemption (CCBSA, 2016).

In the South African context, the on-pack method of coupon distribution results in the most redemptions (see Figure 2.6).

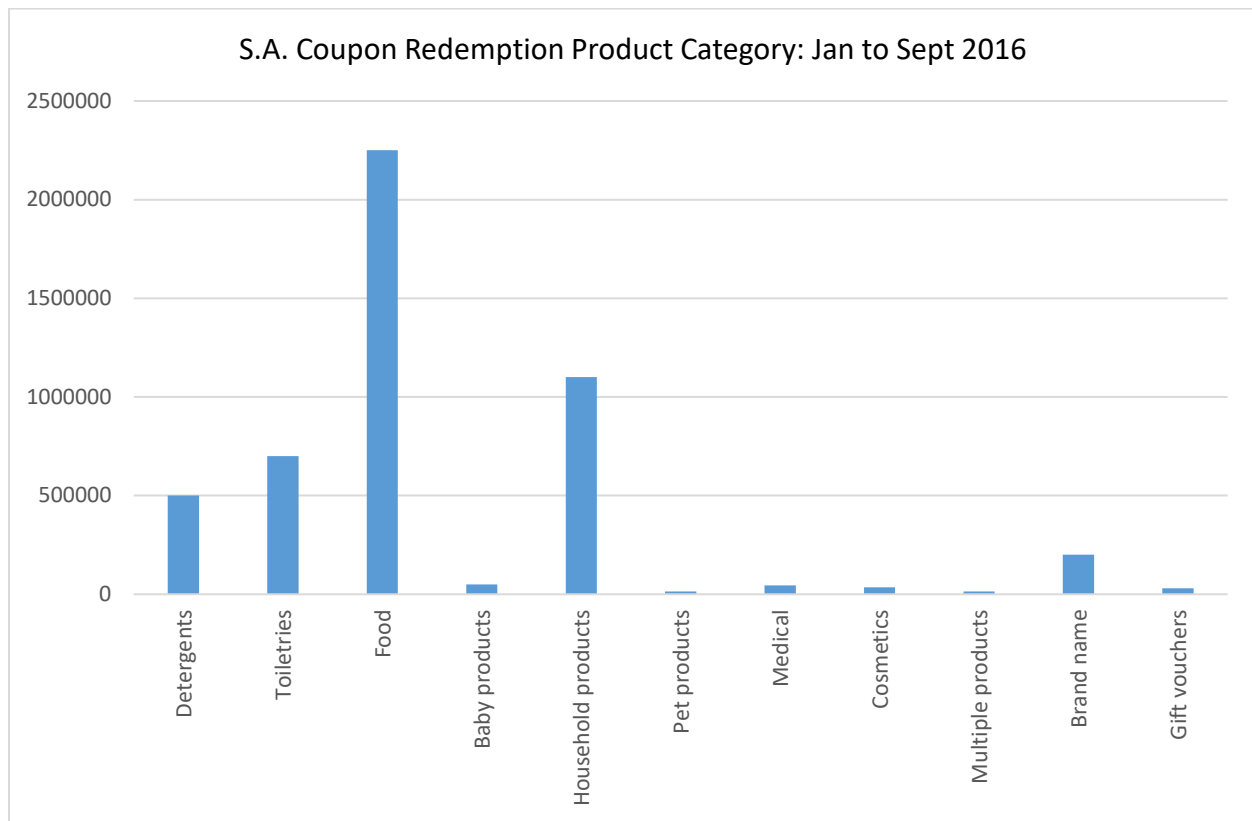


**Figure 2.6: S.A coupon redemption by method of distribution, January to September 2016**

Source: [www.ccbssa.co.za](http://www.ccbssa.co.za)

This may be linked to the advantages that on-pack coupons offer, as stated earlier (Section 2.10.5). For example, they are easily visible and accessible to the consumer at the time and place of purchase; thus, convenience and ease of redemption are enhanced.

Coupon redemption by product category in South Africa is shown in Figures 2.7 and 2.8.

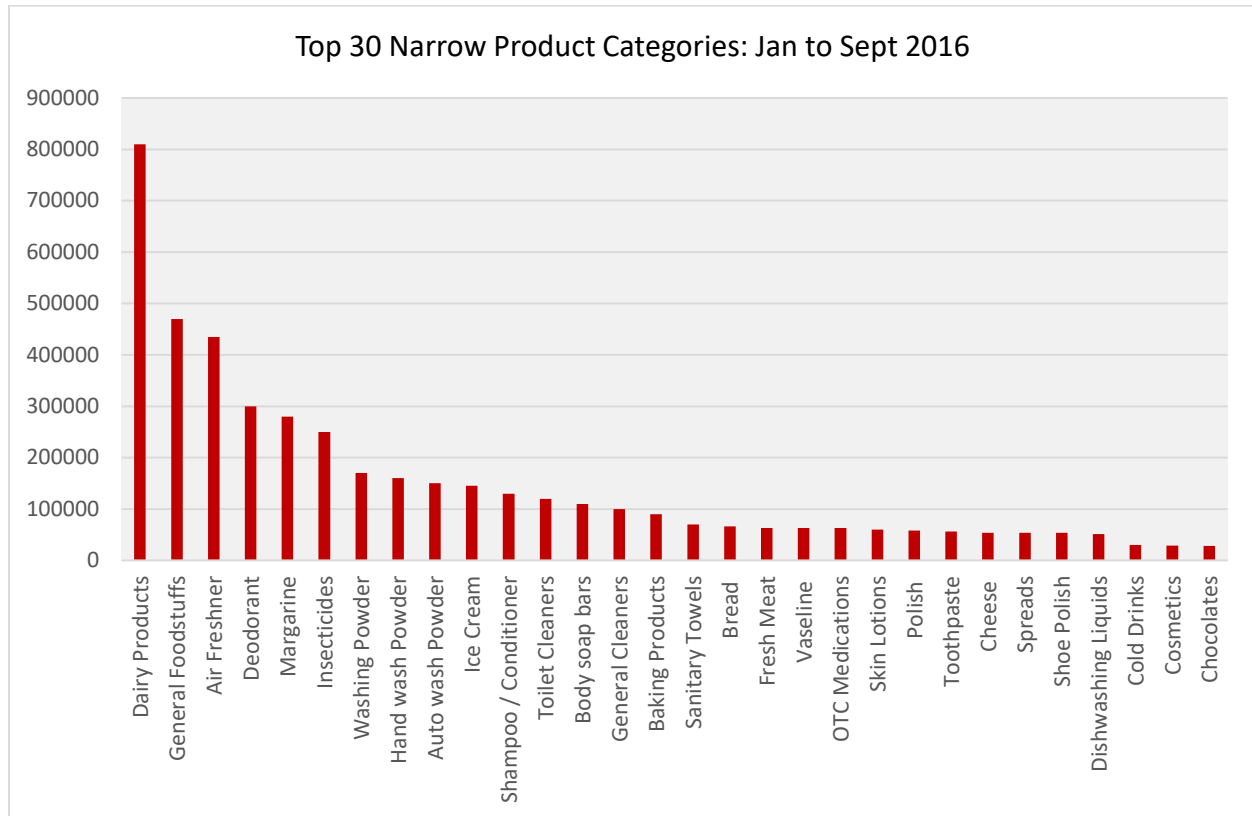


**Figure 2.7: S.A coupon redemption by product category, January to September 2016**

Source: [www.ccbsa.co.za](http://www.ccbsa.co.za)

As can be seen in Figure 2.7, the main broad categories for which coupons are redeemed in South Africa are (in descending order) food, household products, toiletries and detergents.

Figure 2.8 breaks down the redemption figures further, showing South Africa's coupon redemption by narrow product categories.



**Figure 2.8: Top 30 narrow product categories, January to September 2016**

Source: [www.ccbssa.co.za](http://www.ccbssa.co.za)

It is evident from this figure that dairy products is by far the category that accounts for the most coupon redemptions. This may be because this category includes staple products such as milk.

## 2.13 Theoretical framework

As indicated earlier in this chapter, there are several factors that facilitate and inhibit coupon use and that therefore influence coupon redemption rates. According to Morgan (2006), South Africa is not very coupon-minded. This study explored why this is so and gained insight into the reasons for low coupon redemption rates among Durban consumers. Little research is done

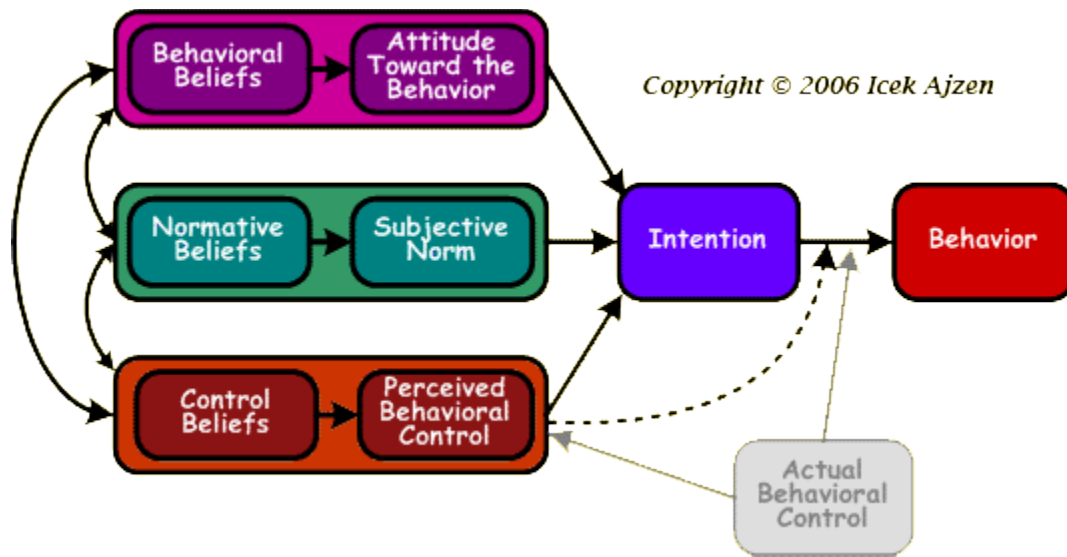
investigating coupon redemption rates and most of the studies that have been done have been based more on quantitative research rather than qualitative, which showed the gap for this study (Slater, 2001).

There are several theories that are identified by research that investigates coupons.

Price Discrimination Theory seeks to differentiate between price sensitive and non-price sensitive consumers, the foundation being that the more price-sensitive consumers are, the more likely they are to use coupons (Clark, Zboja & Goldsmith, 2013).

According to Dickinger and Kleijnan (2008), the Technology Acceptance model proposes that intentions to use electronic sales promotions techniques are directly or indirectly driven by three essential constructs: attitude, perceived usefulness and ease of use. This directly links to coupons, where the consumer's attitude towards a sales promotion technique and the perceived usefulness and ease of use has an impact on whether the consumer will use it or not.

The TRA considers normative beliefs as an antecedent to behaviour, mediated by behavioural intentions, and represents coupon use as "rational, systematic and thoughtful behaviour" (Clark *et al.*, 2013:25). Consistent with the TRA, the impacts of personal attitudes and subjective norms on coupon use is mostly grounded by behavioural intentions. Coupon usage is influenced by an interaction of the user's attitude toward coupons and the normative effect of family, spouse, friends and neighbours (Bonnici *et al.*, 2011). The TRA, over the years, evolved to the TPB, which has been utilised effectively to anticipate and clarify an extensive variety of wellbeing practices and expectations. The TPB (see Figure 2.9) states that behavioural accomplishment relies upon both motivation (intention) and ability (behavioural control).



**Figure 2.9: Theory of Planned Behaviour model**

Source: <http://dx.doi.org/10.1080/08870446.2011.613995>

According to Ajzen (2011), the TPB proposes that one's conduct is dictated by one's aim to execute the conduct and that this intent is, in turn, a function of one's attitude toward the behaviour and one's subjective norms. The best judge of behaviour is intention. Intention is the intellectual image of a person's willingness to perform a given behaviour, and it is considered to be the immediate predecessor of behaviour. This intention is determined by three things: "their attitude toward the specific behaviour, their subjective norms and their perceived behavioural control" (Clark *et al.*, 2013:25). The TPB holds that only specific approaches toward the behaviour in question can be likely to predict that behaviour. In addition to measuring attitudes toward the behaviour, we also need to measure people's subjective norms – their beliefs about how people they care about will view the behaviour in question. To predict someone's intentions, knowing these beliefs can be as important as knowing the person's attitudes (Bonnici *et al.*, 2011). Finally, perceived behavioural control affects intentions. Perceived behavioural control refers to people's opinions of their capability to do a given behaviour. These predictors lead to intention. A general rule about the TPB is, the more favourable the attitude and the subjective norm, and the greater the perceived control, the stronger should the person's intention to perform the behaviour in question (Ajzen, 2011).

The theory most relevant for this study is the Theory of Planned Behaviour. The theory is relevant for the study due to the fact that the focus is on shoppers' attitudes and beliefs towards coupons and also behavioural intention with regards to coupon usage.

This study contributes to existing knowledge in that it gives insight into factors influencing coupon redemption rates from a qualitative point of view, since not much research has been done in that space; most research has been from a quantitative point of view. Also, the study addresses other gaps in the existing knowledge, which has looked at sales promotion as a whole (rather than at coupons specifically) and which has tended to focus on university students (who may have different buying patterns from other shoppers).

## **2.14 Conclusion**

This chapter has looked at the literature on sales promotion, with specific focus on coupons. Since the study focuses on coupon redemption rates, the chapter showcased graphs for the reader to better understand coupon redemption rates internationally and in South Africa, with the study's main focus being on South Africa.

The next chapter incorporates a discussion of the methodology that was adopted in the research.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The methodology used for a study is vitally important because, if appropriate, it helps the researcher to ensure that they effectively address the research problem. This research project aimed to explore the factors influencing coupon redemption for FMCG products, among Durban consumers. The purpose of this chapter is to explain the research methodology and methods selected for the study.

According to Samkange (2009), methodology in research refers to a methodical way of gathering data from a given population to be able to understand a phenomenon. Methodology embraces the research design, population, mechanisms used to collect data, ethical considerations, data analysis and its interpretation. Methodology therefore helps not only the researcher, but also the reader to comprehend the procedure of the research, thus giving it scientific merit (Bryman, 2014). The research methodology used for this specific study is discussed in the subsequent sections. This chapter covers aspects such as: the research design and paradigm; the study site, target population and the sampling strategies; methods for data collection and analysis; the rigour and limitations of the study.

#### **3.2 Research design**

The research design refers to the overall strategy within which the researcher chooses to incorporate the diverse mechanisms of the study in a logical and analytical way, thereby ensuring the researcher will effectively address the research problem; in other words, it constitutes the blueprint for the collection, measurement, and analysis of data (University of Southern California, 2016). The purpose of a research design is to ensure that the data obtained aids one to efficiently address the research problem logically and as unambiguously as possible. There are different types of research designs that a researcher can choose from, including descriptive, exploratory and causal (Coolican, 2014). Taking an angle of exploratory



study is relevant for this study because not much research has been done around this topic, particularly in emerging contexts such as South Africa (Slater, 2001). It is therefore appropriate to do an exploratory study in order to gain initial insight into the topic, due to the fact that not much is already known.

### **3.3 Research approach**

In terms of the research approach, there are two main options available to a researcher, qualitative or quantitative. Mixed methods research is also an option, where they can mix elements of both qualitative and quantitative research. Quantitative research is “a method of research that focuses on gathering numerical data and thereafter generalising it to a larger population” (Sekaran & Bougie, 2010:135). Quantitative research often uses questionnaires as a method of data collection for larger numbers of respondents. This study will instead adopt a qualitative research approach. Qualitative researchers try to “make sense of, or to interpret, phenomena in terms of the meanings people bring to them” (Denzin & Lincoln, 2005:3). For this study, a qualitative approach is utilised in order to attain the emotions, attitudes and thoughts of Durban consumers about factors influencing their use of coupons. A qualitative approach is potentially able to offer more understandings, taking into account the nature of the subject at hand. Hague (2006) states that qualitative research is further beneficial when it comes to investigating consumers’ attitudes and opinions. According to Gephart (2004), qualitative research gives insights that are tough to find through quantitative research. Emotions are another element that will be observed in this study, as it can be attested that the use of coupons as a sales promotion strategy does spark some emotion, attitude and opinion from consumers. There is a belief that quantitative research fails to unravel such feelings (Malhotra 2004). Jennings (2014) also claims that, although quantitative methods stress the analysis and measurement of causal relationships amid variables, qualitative research delivers answers of the way social experience is formed and given meaning.

Because the main focus of the study is to obtain a more profound understanding of the feelings of the participants, qualitative research is a more appropriate approach in this context (Dahl *et al.*, 2003). According to Greenhalgh and Taylor (2006), qualitative research starts with a purpose to explore a specific area, collects ‘data’ through interviews and observations and then

produces ideas and hypotheses from the data. In addition, feelings would be best expressed by the use of the participants' own words rather than by use of predesigned questionnaires. Also, participants are seen to have a tendency to use body language to further express their feelings, which gives more insight into their emotions, and which makes qualitative research more appropriate for exploratory research.

### **3.4 Study site**

The study site that the researcher chooses is very important in terms of collecting the data. It is vital that the site is convenient and easily accessible to both the researcher and participants, in order to be able to gather enough data that can be interpreted into meaningful insights. In terms of the study site for this research, the study was conducted in the greater Durban area. This specific geographical area was chosen due to the fact that the researcher lives in Durban. Durban is also one of the major South African cities. The focus groups took place at two different locations, namely, RCL Foods in Westville (where the researcher is employed) and Amanzimtoti (the researcher's home town).

### **3.5 Sampling**

According to Sekaran and Bougie (2012:282), sampling is defined as "the process of selecting the right individuals, objects or events as representatives for the entire population". It is very important for the researcher to make sure that they choose an appropriate sample because the chosen sample for data collection will determine the trustworthiness of the findings.

#### **3.5.1 Target population**

The target population is "the entire aggregation of respondents that meet the designated set of criteria" (Samkange, 2009:46). The target population is therefore the group of people, things or events of interest that will assist the researcher in finding results that are relevant to the study. For this study, the population comprises adult females and males residing in Durban, South Africa, who buy FMCG products. The target age group for the study was 20 years and above, based on the assumption that they are likely to be more involved in purchasing FMCG products.

### **3.5.2 Sample size**

A sample is a subset of the population, which is selected to participate in a study. Sampling involves a process of selecting a sub-section of a population that represents the entire population in order to obtain information regarding the phenomenon of interest. For this specific study, a sample of 50 Durban residents was selected for data collection purposes. The sample size of 50 participants was chosen because it is appropriate for the nature of the study (exploratory and qualitative) and manageable for the researcher. The final number of participants who actually participated in the study, of the 50 proposed participants, was dependent on the point at which saturation was reached. In terms of the sample size for purposive sampling, this is determined by data saturation and not by statistical power analysis (Shenton, 2007). Theoretical saturation of data means that researchers reach a point in their analysis of data where sampling more data will not lead to more information related to their research questions (Shenton, 2007). In this study, this meant that 36 participants (of the 50 originally selected) actually took part in the data collection phase.

### **3.5.3 Sampling strategies**

There are two major types of sampling design: probability sampling and non-probability sampling. An essential representation of probability sampling techniques is that units are selected from the population at random using probabilistic methods. This enables researchers to make generalisations from the sample being studied, to the population of interest. There are three types of probability sampling techniques: simple random sampling, systematic random sampling and stratified random sampling (USC Libraries, 2016).

In non-probability sampling, the elements do not have a known or predetermined chance of being selected as subjects (Sekaran & Bougie, 2010). A core characteristic of non-probability sampling techniques is that samples are selected based on the subjective judgement of the researcher, rather than random selection (i.e. probabilistic methods) (USC Libraries, 2016). This sampling technique comprises several methods, which include convenience sampling and purposive sampling (USC Libraries, 2016). In this study, non-probability sampling was used, specifically purposive sampling. Purposive sampling allows the investigator to use their

own judgements order to choose the participants that best meet the research objectives (Sekaran & Bougie, 2010). Purposive sampling is a technique that is typically used in qualitative studies. When this technique is utilised, the researcher will carefully select their participants based on the study purpose. This is done with an expectation that each participant will provide information that will be unique and valuable to the study.

Purposive sampling was used for the study. Participants were selected carefully, in order for the researcher to be able to obtain a wide range of opinions out of the study. The participants were chosen based on location (which was convenient for the researcher and participants), demographics (e.g. age, gender, marital status, occupation) and Living Standards Measure (LSM) profile, in order to facilitate diverse opinions.

### **3.6 Data collection**

Data collection is an important aspect of any type of research study, because the reliability, accuracy and effectiveness of any proposed study largely depends on the sources of information that have been used and the manner in which data collection has been done.

Data can be obtained from primary or secondary sources. Primary data can be explained as information collected from sources such as personal interviews, questionnaires or surveys, with a specific intention and on a specific subject, and observation and discussion by the researcher, which information is then assessed by that person (Roux, 2014). It is a direct approach and, as it is tailored to a researcher's particular needs, reveals much-needed information to that researcher; that is, the results are used for the purpose for which they were originally intended. It can be a lengthy process, but does provide first-hand information (Malhotra, 2004).

Secondary data is information that is already available somewhere, whether it be in journals, on the internet, in a company's records or, on a larger scale, in corporate or governmental archives. Secondary data allows for comparison of, say, several years' worth of statistical information relating to, for example, a sector of the economy, where the information may be used to measure the effects of change or whatever it is that is being researched (Haresh, 2011). The use of secondary sources of data has certain associated advantages for the

researcher, which include the fact that it saves time and costs of conducting the research because the literature is already available for the researcher and the expense incurred when the collecting the original data has already been paid for by the person who originally compiled it (Sekaran & Bougie, 2010). The disadvantages associated with the use of secondary sources include secondary information not being completely accurate or appropriate for the specific study and they do not quite solve problems completely (Sekaran & Bougie, 2010).

In terms of this study, primary data was collected to explore the research questions in the study; this is because there is no existing secondary data that already addresses the specific issues of interest, in the given context. Primary data was thus necessary and relevant for giving insight into the research questions. Taking the nature of this research into consideration, focus groups are appropriate as they may enable greater depth of insight (Malhotra, 2004).

Focus groups are group discussions that explore a specific set of issues (Kitzinger & Barbour, 1999). Importantly, focus groups are distinguished from the larger category of group interviews by the clear use of group interaction to generate data; it captures real life data in a social setting (Writing, 2016). An advantage is that they allow for a researcher to get sufficient information because the participants can feed off one another and this can allow for a greater discussion to occur, which results in more insight for the researcher. Focus groups also provide a broader range of information and offer the opportunity to seek clarification when capturing the participants' perceptions and opinions (Crossman, 2017). This qualitative data collection method continues to have accelerating growth in marketing research for several reasons: it allows for data to be gathered from multiple participants in a short period; it is an exceptional means to recognise the in-depth motivations and feelings of consumers; it can advance the efficacy of quantitative research; and it is suitable not only for product research, but for service research as well (Turauskas & Vaitkuniene, 2004).

There are, however, also disadvantages that are associated with using focus groups as a data collection method. Firstly, the participants can get into disagreements and there can be irrelevant discussions that may arise which can cause a distraction from the main focus of the group discussion (Writing, 2016). Another disadvantage associated with focus groups is that they can be hard to control and manage, and complex to analyse. Focus groups can be seen as

challenging when trying to encourage a range of people to participate, as some participants may find a focus group situation intimidating or off-putting; additionally, some participants may feel under pressure to agree with the dominant view brought across by the group (Writing, 2016).

Focus group studies range from three to ten groups, to over forty. The appropriate number of focus groups depends on the research questions, the range of people to be included, time and resources (Kitzinger & Barbour, 1999). In terms of the number of participants in each group for this study, it ranged from six to ten in order to potentially reveal a wealth of detailed information and deep insight. The group size of six to ten was chosen because the group would be manageable and flexible, and would allow the chance for more ideas to be generated. This group size is also in line with what is considered appropriate for focus group size (Daymon & Holloway, 2011).

The focus groups were conducted in two areas, Amanzimtoti and Westville, and consisted of three groups at Westville (at the researcher's workplace, RCL Foods) and one group in Amanzimtoti (at the researcher's home). The research therefore involved a total of four focus groups. Locations were selected based on convenience for the researcher and participants. The reason for conducting the fourth group in a different location was to enable input from a more diverse group of participants (in terms of occupation and LSM, for example) than would have been the case had only RCL employees been included in the sample. An overview of each focus group is provided in the next chapter, before the presentation of the findings.

### **3.7 Rigour of the research design and data quality control**

The rigour of the study was assessed using Guba's (1981) model of trustworthiness in qualitative research. His model reflects four features of trustworthiness: credibility, transferability, dependability and confirmability.

Credibility is in preference to internal validity. This specific feature seeks to ensure that the study measures or is able to test what is actually intended. Credibility deals with the question "How congruent are the findings with reality?" (Shenton, 2007). Ensuring credibility is one

of the most important factors in establishing trustworthiness (Shenton, 2007). Credibility is usually obtained from the discovery of human experiences as they are lived and perceived by informants. Credibility is subject-oriented (Brink, 1993). In order to achieve truth value, the credibility of the study and the researcher need to be explored. Strategies that were used to achieve credibility in this study include the adequate submersion of the researcher in the research settings, to enable recurrent patterns to be identified and verified, as well as member checking, whereby what the participants say is summarised and articulated to confirm it has been appropriately understood (Krefting, 1991).

Transferability is in preference to external validity/generalisability. External validity is concerned with the extent to which the findings of one study can be applied to other situations. According to Lincoln and Guba (1981), it is the responsibility of the investigator to ensure that sufficient contextual information about the fieldwork sites is provided, to enable the reader to make a transfer. In order to facilitate transferability, descriptions of the participants in this research, and of the research context, are provided.

The third feature is dependability, which is in preference to reliability. With reliability, the positivists employ techniques to show that, if the work were to be repeated in the same context, with the same methods and with the same participants, similar results would be obtained (Shenton, 2007). There is a close tie between credibility and dependability, and a demonstration of the former goes some distance in ensuring the latter; this may be achieved through the use of focus groups and individual interviews (Krefting, 1991).

The last feature is confirmability, which is the qualitative investigator's comparable concern to objectivity. Steps must be taken to help ensure, as far as possible, that the work's findings are the result of the experiences and ideas of the informants, rather than the characteristics and preferences of the researcher (Shenton, 2007). For confirmability, one can use a deep analysis by means of keeping a thoughtful diary during and after each interview (Krefting, 1991). To facilitate confirmability in this study, the focus group sessions were audio-recorded so that the informants' experiences and ideas were accurately captured and available for repeated

listening during the analysis; this ensured that findings were indeed based on informants' input. As such, researcher bias was reduced.

### **3.8 Research instrument**

The focus group questions (see Appendix A) were constructed with the assistance of the TPB model (Figure 2.9), which looks at people's attitudes and beliefs, and the influence of these on intentions and behaviour. The questions in this study were therefore designed to solicit participants' attitudes and beliefs about coupons, and to explore how these attitudes and beliefs towards coupons ultimately affect their intention to use or not use coupons (which links to Research Objectives 2-4), and their actual behaviour in terms of coupon use (which links to Research Objective 1). Questions 1-3 of the instrument are introductory/background questions. Beliefs about coupons are addressed in Questions 5 and 7; attitudes in Questions 7 and 8; intentions in Question 10; and behaviour in Questions 2, 4, 5, 6, 8 and 9.

It is clear from Appendix A that some of the questions in the research instrument touched on more than one aspect. The original instrument did not contain any such 'double-barreled' questions. However, during the discussions, some questions were conflated or rephrased in a more conversational style, on the spur of the moment, resulting in the 'double-barreled' questions. The potential issues linked to such questions are acknowledged. Nevertheless, the researcher is of the opinion that it is important to present the questions as they were actually asked (rather than originally intended), to accurately reflect what transpired in the sessions.

### **3.9 Data analysis**

The data obtained was organised and interpreted using qualitative content analysis. Qualitative content analysis is one of numerous methods used to analyse textual data. Research using qualitative content analysis focuses on the characteristics of language as communication, with attention to the content or contextual meaning of the text (Hsieh, 2005). The object of (qualitative) content analysis can be all sorts of recorded communication, such as transcripts of interviews, discourses, protocols of observations, video tapes, and documents (Hsieh & Shannon, 2005). The goal of content analysis is to provide knowledge and understanding of



the phenomenon under study (Hsieh & Shannon, 2005). In analysing the data, it will first need to be arranged and organised in order to build significances out of them. In order to make this process easy, the focus group sessions were audio recorded; this enabled the researcher to go through the discussions repeatedly to listen to what was said and how something was said by the participants. It also facilitated the use of verbatim quotes to supplement and support the researcher's arguments and interpretations. One of the recordings (for Group 2) was unfortunately lost; however, notes of the recording had already been made, and the researcher drew from those notes when the analysis of data took place for that specific group. In addition, participants from Group 4 indicated, when they completed their consent forms, that they were not comfortable with being recorded. Therefore, there is no recording for this group; notes were taken instead.

By transcribing the conversations from the focus group, the procedure for data analysis is assisted and the investigator is able to classify the data (Spiggle, 1994). To be able to achieve this, researchers tend to use a two-stage process of coding (Coffey & Atkinson, 1996). Coding is an old technique that has been utilised for a long time in organising text (Gläser & Laudel, 2013). The first stage is open or basic coding, where the researcher works intensively with the data and generates initial groupings by undertaking line-by-line analysis in detail (Corbin & Strauss, 2008). The data is carefully read, all statements relating to the research question are identified, and each is assigned a code, or category. These codes are then noted, and each relevant statement is organised under its appropriate code (Spiggle, 1994). This allows the researcher to recognise observable facts in the data and to link them with the aims of the study (Coffey & Atkinson, 1996). In the next stage, focused coding, the researcher goes through the transcripts line by line with a focus on themes identified during coding (Corbin & Strauss, 2008). During this stage, the researcher will be able to recognise changes and comparisons and to assimilate the data into a theoretical framework (Spiggle, 1994).

### **3.10 Ethical clearance**

In terms of ethical considerations, the participants had a choice of participating in the study and were made aware of this from the beginning; they were also given adequate knowledge of the study in order to be able to make an informed decision whether to participate or not.

The participants knew that they did not have to disclose any information that they felt uncomfortable with sharing. A copy of the informed consent form given to participants can be found in Appendix B and the ethical clearance letter from the University granting permission for the study can be found in Appendix C.

### **3.11 Limitations**

The limitations of the methodology selected for the study relate to the following:

- Focus groups are associated with certain limitations, such as participants providing the sort of input they think the researcher is looking for; participants could also be shy or embarrassed to openly share their views. It is possible that the latter may have been a factor in this research, as a stigma around coupon use has previously been identified (Marias, 2013), which may have inhibited participants from fully sharing their coupon use beliefs and behaviours. Perhaps individual interviews might have addressed this; however, it was not an option given the timeframe for the research.
- The study is based on one geographical area, Durban, and on FMCG products only. However, this delimitation is appropriate for an exploratory qualitative study, as generalisability is not an objective.

### **3.12 Conclusion**

The research methodology chapter has outlined the research design and approach that the study adopted (an exploratory qualitative approach). Specific information was also provided on the study site, population, sample and the research instrument. The rigour of the study was assessed using Guba's (1981) model of trustworthiness in qualitative research. Limitations of the study's methodology have also been discussed. The following chapter presents and discusses the findings of the study.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND FINDINGS**

#### **4.1 Introduction**

This chapter discusses the findings that emerged from an analysis of the data that was gathered during the focus group discussions. The primary purpose of the study was to identify the factors influencing coupon redemption rates among shoppers in the Durban area.

The chapter begins by providing a profile of the study's participants. Thereafter, it presents and discusses the main findings relating to each question that was covered during the focus group sessions. The findings are considered in relation to literature and the guiding theoretical framework, where appropriate.

#### **4.2 Biographical profile of participants**

In the focus group discussions, participants were asked about their biographic data. Table 4.1 depicts the biographical profile of the 36 participants.

**Table 4.1: Biographical profile of all participants**

<b>Participant</b>	<b>Sex</b>	<b>Age</b>	<b>Marital status</b>	<b>Dependents</b>
1	F	27	M	0
2	F	26	S	0
3	M	36	M	2
4	F	33	S	1
5	M	38	M	2
6	F	40	M	2
7	F	25	S	0
8	F	28	S	0
9	F	27	M	1
10	M	42	S	2
11	M	36	M	0

<b>Participant</b>	<b>Sex</b>	<b>Age</b>	<b>Marital status</b>	<b>Dependents</b>
12	F	32	S	0
13	M	42	M	2
14	F	26	S	0
15	F	29	S	0
16	F	25	S	0
17	F	42	M	3
18	M	38	M	3
19	F	52	M	1
20	F	26	S	0
21	M	29	S	0
22	F	27	S	0
23	F	26	S	0
24	M	38	M	2
25	M	36	M	2
26	F	24	M	0
27	M	50	M	3
28	F	25	S	0
29	F	25	S	0
30	F	36	S	3
31	M	42	M	2
32	F	36	M	3
33	F	44	M	3
34	F	50	M	4
35	M	30	M	2
36	F	42	M	3

Of the total number of participants:

- 33% were male and 67% female
- 56% were married and 44% single
- the average age was 34 years
- the average number of dependents was one

Though this information is not central to the study, the personal data obtained assisted in contextualising the findings and formulating appropriate recommendations.

The 36 participants constituted four focus groups. Table 4.2 presents a broad profile of each of these four groups.

**Table 4.2: Profile of focus group participants**

<b>Group 1</b> (9 participants)	<b>Group 2</b> (9 participants)	<b>Group 3</b> (10 participants)	<b>Group 4</b> (8 participants)
<ul style="list-style-type: none"> <li>• LSM 7-10</li> <li>• High income</li> <li>• Work in the FMCG industry (professional and administrative staff)</li> </ul>	<ul style="list-style-type: none"> <li>• LSM 4-8</li> <li>• Middle income</li> <li>• Work outside the FMCG industry (various industries)</li> </ul>	<ul style="list-style-type: none"> <li>• LSM 7-10</li> <li>• High income</li> <li>• Work in the FMCG industry (professional and administrative staff)</li> </ul>	<ul style="list-style-type: none"> <li>• Lower LSM</li> <li>• Low income</li> <li>• Work in FMCG industry (security, canteen and cleaning staff)</li> </ul>

Groups 1, 3 and 4 comprised participants who are employed at the large FMCG company where the researcher works. The factors that contributed to this selection were convenience and ease of access. However, care was taken to ensure that the selected participants were employed in a variety of different roles (thus varying LSM and income levels), to try to obtain diverse views. Also in an attempt to obtain a wide range of views, Group 2 comprised participants from outside the FMCG industry. Six of the nine participants in this group are employed as educators, and others at different companies as administrators and in various other roles. Convenience also contributed to the selection of Group 2, as all of these participants were able to go to the researcher's house to participate in the focus group session. The LSM/income levels were determined by asking the participants where they live (individually, outside of the focus groups, as some people tend to not want to share where they live in front of others). The type of job that the participants had also played a role in determining the LSM/income profiles. LSM is usually determined completing an instrument about the extent of ownership of a list of various household items. In this case, however, the criteria mentioned above were used as a proxy, to roughly gauge broad LSM profile, for time considerations.

From these different groups, findings often varied for each question that was asked, as will be discussed further in the next section. The information collected is presented in a narrative form that includes the description and analysis of data. This section reflects on the findings of the focus group discussions conducted with the participants. It represents the analysis of their verbal responses during the discussions.

### **4.3 Findings**

Long and informal discussions were carried out with participants regarding their perceptions and usage of coupons. This section presents the findings for each of the questions asked during the focus group discussions. The main findings for each question are briefly outlined, and verbatim quotes from the participants are used to illustrate findings and support arguments.

#### ***4.3.1 Do you know what coupons are?***

The first question was asked as an opening in order to understand the participants' basic knowledge and awareness of coupons. This question was meant for assisting the researcher to appropriately explain and show examples of coupons, if there was a lack of knowledge. This introductory question also allowed the participants to know and understand fully what the study was all about.

The responses for this first question were mixed. Fifteen of the 19 participants in Groups 1 and 3 had a sound understanding of what coupons are and have seen them predominantly used in the FMCG industry (in which they are employed). With reference to Groups 2 and 4, by contrast, knowledge of coupons was very limited. Ten participants in those two groups did not know what a coupon was or what it looked like until it was explained and shown to them. These groups did indicate that they have seen "papers" like that in stores but did not know that these were coupons.

*"I have seen those papers before but I did not know that they are coupons, I thought it was just a special" (Group 4)*

Some of the younger participants in Groups 1 and 3 (i.e. those who fall in the higher LSM profile) also did not know what coupons are, in terms of look and feel or the fact that there are different types of coupons; however, they did have basic knowledge and awareness.

*“I have heard of what coupons are but I don’t know if I have ever seen one” (Group 1).*

From the responses gathered from the four groups, it appears that there is a gap in the knowledge of coupons because some people do not understand what coupons are and how they are used or redeemed. The reasons behind this gap might be related to a lack of consumer education efforts about sales promotion techniques. Another reason is the fact that people do not pay any attention to the coupons and do not know them because most times they are offered for products that some people do not even buy regularly or are not loyal to.

In terms of the lower LSM/income groups in particular, one would expect that coupons would be attractive because of the potential cost savings (unless of course the coupons tend to be for items that this group does not buy). The lack of knowledge of coupons in this group is something that could be addressed by marketers and might result in greater redemption of coupons.

With regards to the younger consumers, their lack of knowledge of coupons may be linked to them not having responsibility for shopping in their households, or to coupons being targeted at older consumers, or to younger consumers being brand loyal to their current brands.

#### ***4.3.2 Have you ever used/do you use coupons?***

This question had mixed responses from the participants. The participants shared that they have used coupons before, when buying FMCG products specifically. These participants mentioned that they do not use coupons regularly, but that use had occurred just once or twice for some, and several times for others. What also emerged from this question is that participants

were not sure if they had used coupons before, due to the lack of knowledge around coupons, as discussed in Section 4.3.1.

*“Now that I know what a coupon is I remember using it just a few days ago”  
(Group3)*

Thirty-four of the 36 participants’ use of coupons was in the FMCG industry (when buying groceries).

#### ***4.3.3 Do you know any family members or friends who have used or use coupons?***

Thirty of the 36 participants in all four groups had the same response, that they are not aware if their friends or family members use coupons or not. The reason provided for this response is that coupons are not ‘big’ in the participants’ lives, so they do not engage in conversations about them with others.

However, a few (six) older participants from Groups 1 and 3 said that they have shared with family and friends information about Woolworths coupons, because they are quite happy about how Woolworths have tailor made coupons to suit the customer. (The coupons offered by Woolworths are personalised, in that they are for products that the consumer frequently buys, which makes them more appealing). Other retailers such as Pick ’n Pay also adopt this type of strategy; however, the participants felt that the way the coupons are distributed by them is not conducive to redemption. (For example, it was mentioned that Pick ’n Pay prints [Brand Match] coupons at the bottom of the till slip for next purchase, but participants shared that one loses slips very easily and/or will not keep slips for coupon redemption at the next purchase). That is one of the reasons they also would not share with their families information about the Pick ’n Pay strategy, as they are not entirely convinced of or ‘sold’ on the redemption issue. Thus, the convenience of the distribution and redemption process emerged as a pertinent theme in determining whether participants shared knowledge and awareness of coupons with others. In terms of the Pick ’n Pay coupons, from the participants’ responses it shows that they all do not know about the Pick ’n Pay Smart Shopper personalised coupons that are emailed or posted



to the shoppers based on previous purchase history; this could point to some confusion about the various promotional programmes offered by Pick 'n Pay (specifically, Brand Match and Smart Shopper).

In terms of literature pertinent to this question, although not mentioned by the participants, another possible reason why coupons might not be discussed with others may relate to a perceived stigma attached to coupon use in the South African context (Morgan, 2006). In other words, there may be embarrassment linked to coupon use, which prevents consumers from sharing their experience of coupons with others.

The above point relating to perceived stigma is also in line with the TPB, which asserts how subjective norms (how other people view behaviour) has an influence on people telling family or friends about a sales promotion technique that they are confident about, for example coupons. If people do not have strong beliefs and do not practice a behaviour regularly it is very rare that they will share that behaviour or belief with families and friends because perceived behavioural control effects intention (Bonnici *et al.*, 2011).

A basic rule for the TPB is that the more favourable the attitude and subjective norm, and the higher the perceived control, then ultimately the person's intention to perform the behaviour in question will be stronger (Ajzen, 2011).

The beliefs of the participants towards coupons are apparently not strong enough for them to tell family and friends about them; this will be covered further in sections to come.

#### ***4.3.4 What are some of the reasons you use or do not use coupons?***

The participants provided a range of reasons why they either use coupons or do not use coupons.

Reasons for using coupons included the following, which were mentioned by participants in the low and middle-income groups:

*“The coupon allows me to pay a cheaper price and saves me the little money that I have to do my groceries” (Group 4)*

*“If a product is usually priced higher and I do not regularly buy it but is offered a coupon on the day I am shopping then I am sometimes influenced by the coupon especially if someone has spoken positively of the brand” (Group 2)*

With regard to reasons for not using coupons, a theme that emerged from the participants is that they do not use coupons because coupons are mostly offered for brands that they are not loyal to.

*“I would never shop off a coupon because I always buy specific brands and never change” (Group 1)*

*“If a coupon is offered for another brand of a product I normally buy and I am brand loyal to a particular brand that is not offering a coupon on the product that I am coming to buy I would still buy the brand that I am used to even if it is not offering a coupon and the other brand is because I am brand loyal when it comes to specific products” (Group 3)*

The above points were raised by participants in the two higher-income groups.

In terms of some of the responses that came specifically from the male participants, one theme mentioned was around the fact that when males go shopping for groceries, most times they are given a shopping list by the wife. If there is a product that is offering a coupon, but the brand is not on the list or the wife does not usually buy that brand, then they will not switch and buy the product that is offering a coupon. Male participants also mentioned that sometimes they do not even see the coupons if they have a shopping list, because they go for what is exactly on the list and do not look around or shop aisle by aisle.

*“When I have a shopping list I buy exactly what my wife or partner has written down and do not buy anything else or any other brand, coupon or no coupon”  
(Group 3)*

Thirty of the 36 participants in all four groups also spoke about the value of the coupon. They expressed that the face value of the coupon is often not attractive enough. Literature has revealed that the redemption rate of coupons is significantly related to the coupon's face value (Quester, 1990). Higher face-value coupons are redeemed at a higher rate than lower face-value coupons (Quester, 1990).

*“The rand percentage is normally not attractive enough to influence me to buy the product” (Group 1)*

Time emerged as another factor that influences coupon redemption.

*“The reason I do not use coupons is because of the process of redeeming it, it is too long” (Group 3)*

However, while some participants did not use coupons because they perceived the redemption process to be time-consuming, for others the monetary savings outweighed time considerations. The following statement was made by a participant in the lower-income group:

*“I do not mind waiting in the queue for the coupon to be redeemed because I am going to save the little money I have” (Group 4)*

Group 2 (middle-income group) had mixed responses. Some expressed that they use coupons because it allows them to save money, while others indicated that it depends on the product that the coupon is offered for.

*“There are certain products that I do not mind changing brands if a coupon is offered but others are just a no go and I would never change no matter the value of the coupon because those products are too personal” (Group 2).*

The above point regarding personal products has not been mentioned in previous research, to the best of the researcher’s knowledge, and this further shows one of the influences on low coupon redemption rates.

#### ***4.3.5 What are your beliefs around coupons and do you use them instantly or collect them for next purchase?***

Groups 1 and 3 shared similar sentiments about their beliefs around coupons. Sixteen of the 19 participants in these two groups shared that they do not believe that coupons are an effective sales promotion strategy, since it has such a low rand value. The groups also shared sentiments about the fact that the brands that offer coupons are not ones they frequently purchase.

One of the participants shared that they believe that one has to cut out magazines and dig in paper waste bins (as seen in international television shows such as *Extreme Couponing*) in order to find coupons, and that is one of the reasons they do not have much of an interest in them.

*“I believe that one has to dig in bins and cut out newspapers and magazines to find coupons as I have seen in the international coupon shows” (Group 3)*

When it came to the ‘collecting coupons’ part of the question, all the participants shared that they do not collect printed coupons, based on the fact that none of them remembered to bring the coupons to the store for the next purchase.

In terms of online coupons, one of the participants shared that they also do not remember to use them when in store, and made reference to the coupons offered to First National Bank (FNB) customers. The participant voiced that the process of saving and redeeming the coupons

is tedious and wastes data when the monetary value of the coupon is not really worth it. You end up losing more than gaining.

With regards to electronic coupons that are automatically redeemed at the checkout when a loyalty card is swiped by the teller for buying a specific product, the participants shared that they feel this is one of the best processes, as it is loaded onto the system already and there is no waiting for the coupon to be redeemed.

The logistics and administrative process linked to the redeeming of the coupon also plays a factor in the participants not wanting to collect them.

*“I don’t collect the coupons because I will forget them” (Group 1)*

*“I have never seen coupons that I can collect or keep for next time” (Group 2)*

*“The redemption process would be too long and the value is not attractive” (Group 3)*

Participants also mentioned that internationally, consumers can collect and redeem multiple coupons to pay off one product, whereas here in South Africa only one voucher can be used per product, which does not make it attractive enough for consumers.

Research done by Bawa and Shoemaker (1987) found that the coupon using trend was larger among younger, higher income, highly educated, urban dwelling, housewives, and non-loyal consumers. In the research done for this study, the situation seemed to be the complete opposite - the younger, higher income and highly educated participants are not very aware of coupons and will not take much notice of them, especially if they are offered for products that they are not loyal to. In terms of the urban dwelling, higher income and older consumers, the Bawa and Shoemaker (1987) study showed similar findings to the participants’ responses.

In another study, Bawa and Shoemaker (1989) report that females, highly educated individuals, larger households and homeowners were more prone to use coupons in their purchases. This statement by Bawa and Shoemaker showed truth with the participants in this study, especially the older males and females who are married and have dependents.

According to Campbell (2012), consumers do not mind experimenting with different brands offering sales promotion incentives. However, in the focus group discussions conducted for this study, the participants generally shared the total opposite sentiment. They further advised that it depends on the type of product and that they would not swap or experiment with brands on a regular basis unless it is a brand that they trust.

#### ***4.3.6 What products do you use coupons for?***

Participants explained that there are certain products that they use coupons for. Nine out of the 19 participants from Groups 1 and 3 said that they redeem coupons for products such as dishwashing liquid soap, cleaning detergents and impulse products such as ice-cream when they see a coupon on that product. When it came to more personal products (such as deodorants, face wash and intimate washes), participants shared that those products are too personal and they would not change the product they use, no matter what the value of the coupon for other/competing products.

*“No matter the value of the coupon I will not change stuff like my face wash”*  
(Group 1)

*“I am not too fussy about the brands because sometimes I shop on the money I have and not what the best brand is so if there is a coupon for another brand that I sometimes swap and change with then I will use the coupon without a doubt”*  
(Group 4)

According to Ross (2016), coupons have no long-term benefits on consumers' purchasing behaviour and brand loyalty. Ross's statement is further supported by the participants' responses, most specifically in relation to personal care products.

The participants' sentiments are further supported by statistics. According to the Coupon Clearing Bureau of South Africa (CCBSA, 2016), the top 10 coupon-redeemed product categories from January to September 2016 included the following, in descending order: dairy products (810 000), general foodstuffs (470 000) and air freshener (435 000). Among the top 50 product categories were washing powder, toilet cleaners and various others (statistics can be found in Chapter 2, Figure 2.8).

As previously stated, the participants shared that they would not use a coupon for personal items that are close to them. This was also evident in the CCBSA statistics for 2016, where cosmetics was the second-lowest category, with just 29 000 redeemed coupons (CCBSA, 2016).

#### ***4.3.7) How do you feel about coupon redemption in South Africa and do you feel it is easy or difficult to use coupons?***

The participants shared the same opinions around the fact that the redemption rate for coupons is extremely low and there is no awareness of coupons among people. This was also evident in the responses to the first question; when the participants were asked if they know what coupons are, some of them responded saying that they do not know what they are or what they looked like, which clearly shows that there is a lack of awareness or knowledge. Research also speaks to the fact that the redemption rate in South Africa is less than 5% (Morgan, 2006).

One of the reasons for the limited coupon uptake in South Africa is that the reward, product or discount on offer is just not worth the effort required to claim it (Morgan, 2006).

The participants also shared that, in terms of ease of use, they felt that the process is not easy and they are not willing to wait in line for coupons to be redeemed. Their belief about coupons and the long process also plays a huge part in terms of their willingness to use coupons.

***4.3.8 Does your attitude towards coupons have an effect on your buying behaviour even on products that offer coupons in store?***

The participants in Groups 1 and 3 shared that their attitude towards coupons definitely has an effect on whether or not they will use a coupon in store; because they hold such strong beliefs about the process of redeeming coupons, they would not ‘give it the time of the day’.

*“My attitude definitely has an effect on me using a coupon in store and most times if not always it has a negative effect because I think that the redemption process and waiting in the line is going to be a waste especially since the value is so small”*  
(Group 1)

Groups 2 and 4 expressed different sentiments; their attitudes were more positive than negative. These two groups said that although they did not have much knowledge around coupons, the fact that it saves them money made them have a positive attitude towards coupons, especially those that are offered in store.

*“The coupon helps me save money so I have a positive attitude on it especially the ones that are offered in store and instant because I will not need to carry it with me and the offer applies immediately when I purchase the product”* (Group 4)

***4.3.9) Does seeing a coupon on a product influence behaviour towards buying the product?***

Groups 1 and 3 (high income) shared a strong opinion around the fact that their influence is based on the type of product that offers the coupon and if the value is worth it.



Groups 2 and 4 (middle and low income), on the other hand, shared that seeing a coupon definitely influences their behaviour into buying the brand, if that product category was part of their grocery list but the brand was different.

Some consumers find it hard to switch brands just because of a certain sales promotion incentive that is offered; this was apparent in Groups 1 and 3, who are very brand loyal to the brands that they buy. It seemed difficult for a sales promotion technique to be able to convince them to change, especially if their beliefs about the technique are not very strong. It should be borne in mind that Groups 1 and 3 were the high-income groups, who can probably afford to be loyal to a more expensive brand, despite the availability of a coupon for a competing brand.

Results from Ross (2016) suggested that coupons have no long terms benefits on consumers' purchasing behaviour and loyalty. The truth of this statement is clearly seen from the participants, because none of them were brand loyal to the competitive brands that offered coupons which they do not usually buy in their shopping trips.

#### ***4.3.10 What would motivate you to use/redeem coupons?***

Nielsen (1965) compiled a list of the quantifiable factors which seemed to exercise the highest influence on coupon redemption rates. The list included:

- Technique used to distribute coupons
- Size of the product class
- Rate of discount
- Face value of the coupon
- Brand distribution

Another study by Ward and Davis (1978) considered the entire range of probable factors likely to impact the level of redemption. In spite of the fact that redemption rates are frequently low, Ward and Davis (1978) documented three influential factors - media distribution, face value and time.

The same points outlined above were raised by all groups in this study, when discussing what would influence them to use coupons.

One of the themes that was common amongst all groups, and which came out at the top, was around the value of the coupon. The participants felt very strongly about the fact that the face value of the coupons that are offered in South Africa are too low. Also mentioned was that in South Africa, only one coupon may be redeemed per product whereas internationally a consumer can use several coupons to pay off one product. The monetary value of coupons thus does not make it worth switching from their loyal brand to the brand promoted via a coupon, according to the participants.

*“The rand value is not worth it and would never influence me to switch or use a coupon” (Group 1)*

*“I think they should offer a bigger rand value and that could even motivate me to buy more than one of that product because I will be really saving and it is worth it to buy bulk” (Group 4)*

*“If the value of the coupon increases depending on the product there is a high chance that I would switch to the brand I do not usually buy” (Group 2)*

Another theme that the participants indicated would influence them to use coupons was greater ease of redemption. Because they have negative beliefs around the redemption process (e.g. that it involves lengthy waits in queues), some participants in Groups 1 and 2 do not even consider using a coupon. Participants shared that it would attract them to use coupons if they did not have to wait in lines for too long; the redemption process needs to be easy and quick.

*“The process to redeem the coupon needs to be quick because I do not want to wait long waiting for a R1 discount, it just wouldn’t be worth it” (Group 3)*

Convenience also came out as a theme that would influence the participants to use the coupons. Convenience can be defined as the state of being able to proceed with something without difficulty (Achadinha *et al.*, 2014). In the South African context, paper coupons are associated with a low response rate, which is attributed to the amount of effort that goes into the storage of the paper coupon and the redemption thereof. This signifies inconvenience in the consumer's eyes (Achadinha *et al.*, 2014). The participants shared that, depending on the type of coupon, some of them have processes that are not convenient enough to encourage redemption. An example is a coupon that is offered online. You first need to download it and save it and remember it for next time you are in store. One of the examples that came out of Group 2 was that of the Spar coupons, which are easy to use (the customer just needs to provide their cellphone number at the till) and are also convenient because the coupons are offered for the brands and products that the participants buy.

Another theme raised in terms of convenience was around the type of coupon offered and method of distribution. All groups strongly believed that if the coupon is offered in store, for the right product and right discount, that would influence them, but if they have to remember it for next time then that is not attractive and will not influence them. Time limit was also a point raised concerning convenience; participants shared that with a 'next-purchase' coupon, the expiry date is often too soon and they either forget about it or remember it too late, after the coupon has expired.

Woolworths is one of the examples that the participants shared around relevant coupons being offered (i.e. for products that they buy on a regular basis). This theme of relevance was raised quite strongly in all groups, because they have noticed that coupons in the FMCG industry are mainly offered for products that they do not buy and that will therefore not motivate purchase, especially on the products that they feel are personal and close to them.

*"The Woolworths coupons are the best because they send you a targeted mailer based on the products that you buy regularly and they offer you coupons with great value for what you already buy and do not try and make you switch from your brand loyal products" (Group 1).*

The distribution method was also one of the points that would motivate the participants to redeem a coupon, which ties in with convenience and ease of use. The participants shared that they do not like the coupons that are offered in magazines and that you have to cut and collect, because they will forget them and when in store they have to look for the right coupon for the product that they are buying amongst other coupons in their bags.

Danaher et.al. (2015) compared the redemption rates of printed and electronic coupons, and analysed how redemption rates change in both cases with the discount amount. E-coupons lead to higher redemption rates due to several factors: (1) consumers have full control over the coupons to be redeemed in an online context, primarily for their favorite brands; (2) this exacerbates coupon providers' financial profitability; and (3) timing affects consumers' processing of advertising information. When advertising messages are received in leisure or consumption-related times, the advertising seems more relevant (Gonzalez, 2016)

The instant in-store coupon came out as a rising star among the participants. They believed that the in-store coupon has a better chance of motivating them to use or redeem coupons, depending on the value, as previously mentioned. The reason why the participants believe that the in-store coupon is a better motivator is because they can see the coupon as they are shopping and can go to the till and redeem it on the same day and time.

*“The reason why I like the Woolworths coupons is because they are loaded onto my card and I do not wait long for redeeming the coupon, it is just a matter of swiping my card and it is done” (Group 3)*

The in-store on-pack coupon is clearly one of the methods of distribution that is predominantly used, as seen in research in the South African context. Statistics from the CCBSA (2016) show that 3 300 000 on-pack coupons were distributed from January to September 2016.

#### **4.4 Conclusion**

One can say that a strong and positive relationship exists between the monetary value of a coupon and its redemption rate. The focus group discussions conducted in the study have shown evidence of this statement. This chapter has laid out the responses that were gathered during the focus group discussions. The participants shared their sentiments and thoughts around coupons from their own understanding, behaviour, opinions and beliefs. They also shared what would motivate them to use coupons to a greater extent (i.e. the value of the coupon discount, convenience, ease of redemption, type of coupon and tailoring the coupons for the products that they buy on a regular basis).

## **CHAPTER FIVE**

### **CONCLUSIONS**

#### **5.1 Introduction**

The purpose of the study was to identify the factors influencing coupon redemption rates among shoppers in the Durban area.

In previous chapters, literature and theories related to the study were discussed (Chapter 2), the methodology adopted to address the research objectives was outlined (Chapter 3) and the main findings arising from analysis of the empirical data was set out (Chapter 4). This final chapter considers the findings in relation to the study's research objectives, and considers the implications, recommendations, contributions and limitations of the study.

#### **5.2 Findings in relation to research objectives**

As a reminder, the research objectives that the study sought to address were:

- To determine to what extent shoppers in Durban use coupons when purchasing FMCG goods
- To explore what factors encourage FMCG coupon redemption among shoppers in Durban
- To explore what factors discourage FMCG coupon redemption among shoppers in Durban
- To establish how FMCG coupon redemption rates among this group can be increased

The extent to which the findings address each of the above objectives is now set out.

### ***5.2.1 To determine to what extent shoppers in Durban use coupons when purchasing FMCG goods.***

From the discussions held with the participants, it appears that the extent to which shoppers in Durban use coupons is very limited, and that the extent of coupon use varies in the different LSM and age groups.

The younger age group, ranging from 20-30 years, who are also not married, were not very fond of coupons and shared the fact that they mostly do not even look at them. They come into the store to shop for what they want and get out.

Brand loyalty was a point that was raised by the participants in the higher LSMs (7-10), who were also working in the FMCG industry. These higher-LSM participants shared that, if a coupon is offered for a brand that they do not normally buy, depending on the product category, there is a high chance that they will not change from their usual brand. This applied particularly to personal care products.

The extent of coupon use among the lower-LSM participants in general contrasted that of the other groups. Participants in Groups 2 and 4 shared that they do use coupons frequently when they are offered, even if the monetary value of the discount is low, because saving even the smallest amount of money is important to them. However, some participants from Groups 2 and 4 also spoke about brand loyalty and mentioned that, for some products (such as deodorants, face wash and face cream) they also would not change brands just for a coupon.

### ***5.2.2 To explore what factors encourage FMCG coupon redemption among shoppers in Durban***

There are certain factors that the participants shared as encouraging them to use or redeem coupons. Chief among these are relevance, convenience and ease of use.

In this regard, Woolworths and Spar coupons were singled out for special mention. (It is interesting that Woolworths is not amongst the top retailers in terms of coupon redemptions in South Africa, as shown in Figure 2.5; this could be because the sample in this study was skewed towards middle/upper income, professional people). The reason behind the big support for these two retailers is due to the fact that the coupons that they offer are targeted to the products that the shoppers already buy in those stores (based on their individual purchase history). This means that shoppers do not have to switch brands to benefit from the coupons; they are able to still buy the brands that they usually buy, but now with a discount. The participants also shared that coupons that are loaded onto their rewards cards encourage redemption.

Bawa and Shoemaker (1987) found that the redemption rate of coupons was significantly related to the coupon's face value. The findings in the study support that of Bawa and Shoemaker in relation to the importance of face value in influencing redemption.

### ***5.2.3 To explore what factors discourage FMCG coupon redemption among shoppers in Durban***

There were several factors mentioned that discourage coupon redemption among the participants. One of the factors was the value of the coupon; the participants felt that the low value of many coupons discouraged them from using the coupons because it is not worth it to do so. The redemption process was also another factor that came out from the discussions. Participants felt that the time involved in redeeming coupons was long, and that it was not worth spending time redeeming coupons, especially if the value of the coupon was low. The type of coupon also played a role in discouragement. Participants felt that magazine (printed) coupons would not work for them, as they would not easily be able to collect, store and remember the coupons for their next shopping trip. The next-purchase coupon was also given a thumbs-down by the participants, as they felt that they are being forced to purchase the product again within a certain period. This point further went into the issue of expiry dates for the coupons. It was raised that coupons often expire within a short period of time, and that participants often do not remember to make use of coupons within this period.



#### ***5.2.4 To establish how FMCG coupon redemption rates among this group can be increased***

The participants believe that the coupon redemption rate in South Africa is very low and that there is not much focus on coupons and specifically the right ways to distribute them and make them attractive to shoppers. According to the participants, one of the factors that can increase coupon redemption rates involves enhancing the ease of using/redeeming coupons; they felt that, whether it is online or in store, the process required to get the discount is sometimes too long and discouraging. Relevance was another point raised by the participants, who shared that coupons need to be offered for products that they actually buy and not ones that they do not buy. Although one of the chief aims of coupons is to encourage trial of new products, the participants still shared that they will use coupons more for brands they know and are more comfortable with.

The value of the coupon came out as the most important theme in potentially increasing redemption rates. Participants believe that currently the value of coupons is not attractive enough, which further influences them to have negative beliefs about coupons.

### **5.3 Implications and recommendations**

The findings of the study give rise to a number of implications and recommendations, for both marketers and researchers, which are outlined below.

#### **5.3.1 For marketers**

From the several points that were raised by the participants, the following recommendations come out for marketers.

The findings show a lack of knowledge and awareness of coupons. The type of strategies that marketers could use in this regard is to maybe offer more information or definition around coupons in the leaflets that shoppers look at when entering a store or that they find in magazines. Newspapers are also a platform where most shoppers look for specials, and

marketers could use this platform to address the low awareness. For example, they could have a section that teaches consumers about coupons and their benefits, and include a list of the products that will have coupons in-store, in the newspaper or promotional leaflet.

To offset misplacement with regards to collecting coupons, the marketing industry could launch standard sizes for coupons, which are slightly bigger than the sizes that are already available. This strategy would make it much easier for the shopper to be able to tuck the coupons into their wallets, which further reduces the possibility of forgetting coupons at home. Having a standard size in the industry ruled would also benefit the shopper because the different coupons that they collect would be the same size and they would be able to stack them up neatly and they would be visible.

In terms of coupon expiry dates, there is a limit to what the industry can do to counteract consumers' beliefs that coupons expire fast. A coupon is indeed intended to be a short-term purchase incentive. One possibility that marketers can try with regards to coupon expiry dates is including a gradual reduction in the coupons' value over time, thus influencing the consumer to redeem it quickly. If possible, marketers could consider extending the expiry date to probably a month or two and not just a few weeks. If a coupon is to have an expiration date, one should consider whether it is possible to select a date with a meaningful relationship to the product. This will help with reducing a buyer's impression that the expiration date is an arbitrary one.

In the focus group discussions, the participants also raised a point around the value of the coupon not being attractive and significant. After all, a coupon's value is meant to be of such magnitude to encourage buying behaviour, without jeopardising the corporation's bottom line. The increasing tendency to offer coupons with a higher face value with the purchase of multiple or simultaneous purchases of the product is a promotional strategy which seeks to appease consumers while securing more sales. Other ways to boost perceived savings for consumers could be the introduction of coupons that offer a percentage discount instead of a stipulated cents discount (e.g. a 10% saving may sound more attractive to consumers than a R2 saving). Another option in terms of value is offering a higher coupon value discount that is more attractive to consumers and is more than what is offered currently in the market. An alternative is for the marketers or FMCG industry to allow consumers to use more than one coupon per

product, which makes it more attractive and influences the consumers to use coupons. This method can be capped to, for example, a maximum of up to three coupons per product.

In terms of ease and convenience, the marketers or the FMCG industry can tailor the coupons for the products that are key volume indicators for their stores such as milk, staples, peanut butter and so on i.e. products that shoppers buy on a regular basis. The retailers can also follow in the steps of the Woolworths strategy of offering the different consumers coupons that are tailor made based on their basket purchases and the frequency of purchase of those products. The recommended method of coupon distribution is that coupons should be loaded onto the retailer's loyalty card, if they have one they offer to consumers, and the coupons will instantly come off as the card is swiped and the product is bought. This method will further feed into the redemption process as the participants felt the process is currently too long, but if the above-mentioned method is followed it decreases the time factor. Currently, as shown in Figure 2.6, most of the coupons redeemed in South Africa are distributed via the on-pack method. This is probably because this method of distribution addresses the convenience factor that participants spoke of, in that there is no need to cut out, store, and remember to carry and redeem coupons – instead, these coupons are easily visible and accessible in store on the actual product. The findings presented in this study suggest that marketers and retailers also consider distributing coupons via consumers' loyalty cards, to make the redemption process even more convenient.

### **5.3.2 For researchers**

The issues spoken about by the participants highlight areas worthy of further research, particularly because they are suggested by the consumers themselves. For future researchers, it would be worth-while to also look at conducting focus groups with retailers (in terms of understanding how they perceive coupons in their business, the impact of coupons on sales, and the effectiveness of coupons compared to other sales promotion techniques).

As electronic coupons and loyalty cards gain more momentum in sales promotion strategies, it would also be interesting to see how consumers feel about which of the two is more favourable and why. Research can also explore how sales are influenced when coupons and loyalty cards are used hand in hand (when the coupon is loaded onto the loyalty card and the shopper does

not need to wait a long time to redeem the coupon) as per Woolworths, Spar and Pick 'n Pay's strategy and how repeat purchase is affected every time this strategy is offered.

Most participants in this study were middle/upper LSM, and employed in professional occupations; future research could look at a more diverse group, as findings might be different.

#### **5.4 Contributions and limitations**

The limitations of the study relate to the following:

- It is possible that gathering data via focus groups discussions may have inhibited some participants from contributing openly and fully (especially as it has previously been noted that there may be a stigma attached to coupon use). Indeed, there were three or four participants who were shy, did not participate much in the discussions and practically agreed with everything that the other participants were saying. Individual interviews may have encouraged greater participation from such participants. On the whole, however, participants appeared relaxed during the sessions and were able to feed off each other's responses.
- The findings of the study are based on the views of 36 participants in one geographical area, Durban, with a focus on FMCG products only. However, this is appropriate for a small-scale exploratory qualitative study, in which wider generalisability is not an objective. The delimitation to FMCG products is also pertinent, as coupons are widely used for FMCG products.
- The sample was skewed in terms of gender composition, as the sample consisted mainly of women. Thus the views of male shoppers may be underrepresented in the findings.
- A proxy measure, instead of the full LSM questionnaire, was used to determine participants' LSM categories, because of time and sensitivity considerations.

In terms of contribution, this study aimed to add knowledge in an area where qualitative research has not been done; research that has been done into coupon use in South Africa has focused primarily on quantitative research. Previous studies have also not been based in

Durban. Although there were some limitations with the study, as noted above, the research conducted has provided some insight into the factors that influence coupon redemption among Durban consumers, and what would make it more attractive for the consumers to further redeem coupons. This research is a start for further research that can be done to further close the gaps with regards to the understanding of coupon redemption rates being so low in South Africa; the research can also assist marketers to understand the opinions of consumers and how they can make the coupons more attractive according to ease, convenience, value and products that consumers purchase more regularly.

This study has extended literature that currently exists that did not look at coupon redemption from a qualitative side. The findings from this study also extended the literature in the SA context by bringing to light the factors that are not considered in literature i.e. the factors that contribute to the low coupon redemption specifically in a South African context.

## **5.5 Conclusion**

This study aimed to explore Durban consumers' beliefs about and attitudes to coupons, in order to gain insight into factors that encourage and discourage their use of coupons, and to be able to suggest appropriate strategies that marketers can adopt to increase coupon redemption. This final chapter has summarised the main findings of the study, considered their contribution and limitations, and made recommendations for marketers and researchers.

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## **APPENDIX A: Research instrument**

Focus group questions:

1. Do you know what coupons are?
2. Have you ever used coupons?
3. Do you know any family member or friend who has ever used, or uses, coupons?
4. What are some of the reasons you use or do not use coupons?
5. What are your beliefs about coupons? Do you use them instantly or collect them and save them for next purchase?
6. What products do you use coupons for?
7. How do you feel about coupon redemption in South Africa? Do you feel it is easy or difficult to use coupons?
8. Does your attitude towards coupons have an effect on your buying behaviour even on products that offer coupons in store?
9. Does seeing a coupon on a product influence behaviour into buying the product?
10. What can motivate you to use coupons/redeem them?

## APPENDIX B: Informed consent document



**UNIVERSITY OF KWAZULU-NATAL**  
**SCHOOL OF MANAGEMENT, INFORMATION TECHNOLOGY & GOVERNANCE**

Date:

Dear participant,

I, **Portia Noluthando Dube** am a Master of Commerce (Marketing Management) candidate, at the School of Management, Information & Governance, of the University of KwaZulu-Natal (UKZN). My contact details are 0813728598 and [portiadube21@gmail.com](mailto:portiadube21@gmail.com). My supervisor is Dr A. Arbee (031 260 3159; [arbee@ukzn.ac.za](mailto:arbee@ukzn.ac.za)).

You are being invited to consider participating in a study entitled, '**Factors influencing coupon redemption rates among shoppers in the Durban area**'. The aims of this study are:

1. To determine the extent to which shoppers in Durban use coupons when purchasing FMCG goods.
2. To explore what factors encourage FMCG coupon redemption among shoppers in Durban.
3. To explore what factors discourage FMCG coupon redemption among shoppers in Durban.
4. To establish how FMCG coupon redemption rates among this group can be increased.

If you agree to participate, you will take part in an audio-recorded focus group discussion lasting between 30-45 minutes. The discussion will take place at a conveniently situated location. The study is envisaged to contribute to an understanding of shopper perceptions and use of coupons.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number: HSS/1510/016M). Your participation in this project is voluntary. You may decline to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Management, Information Technology and Governance, UKZN.

If you have any questions or concerns about participating in this study, you may contact me or my supervisor (contact details above), or the UKZN Humanities and Social Sciences Research Ethics Committee at the contact details below:

**HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

Research Office, Westville Campus  
Govan Mbeki Building  
Private Bag X 54001  
Durban  
4000  
KwaZulu-Natal, SOUTH AFRICA  
Tel: 27 31 2604557- Fax: 27 31 2604609  
Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

## Consent Form

I, \_\_\_\_\_, have been informed about the study entitled 'Factors influencing coupon redemption rates among shoppers in the Durban area' by Portia Dube

I fully understand the purpose and the procedures of the study.

I hereby consent/ do not consent to have this interview recorded

I have been given an opportunity to ask questions relating to the study that I will be participating in and have also had answers to my satisfaction.

In terms of my participation in this study, I declare that it is entirely voluntary and I understand that I may withdraw at any time and the information shared shall remain anonymous.

For any further questions/concerns or queries which are related to the study I understand that I may contact the researcher at 081 372 8598 or [portiadube21@gmail.com](mailto:portiadube21@gmail.com)

If I have any concerns/queries or questions about my rights as a participant I can then contact

### **HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu- Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX C: Ethical clearance approval letter



17 October 2016

Ms Portia Noluthando Dube (211527563)  
School of Management, IT & Governance  
Westville Campus

Dear Ms Dube,

Protocol reference number: HSS/1510/016M

Project title: Factors influencing coupon redemption rates among shoppers in the Durban area

### Full Approval – Expedited Application

In response to your application received on 13 September 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

**PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Aradhna Arbee  
Cc Academic Leader Research: Professor Brian McArthur  
Cc School Administrator: Ms Angela Pearce

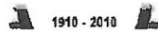
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